Draft
Measure I 2010-2040
Strategic Plan

December 4, 2008

San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 92410

Governments
SANBAG
Working Together

TRANSPORTATION
MEASURE I

PREFACE

Development of the Measure I 2010-2040 Strategic Plan was initiated in 2005 to define the policies and procedures for delivery of the projects and programs referenced in the new Measure. The Strategic Plan will be the policy manual for delivery of the Measure I programs by SANBAG and its member agencies.

SANBAG is releasing the Draft Strategic Plan Report for review and comment as part of the December 2008 agendas for SANBAG policy committees. The report is also being distributed directly to local jurisdictions through a mailing to city managers as well as to transit agencies in San Bernardino County.

The report is presented in two parts. Part 1 provides an overview of Measure I 2010-2040, discusses countywide implementation strategies, describes the scope of each Measure I program, presents financial information, and provides an overview of the policy structure for each program. Part 2 presents the specific policies by which each Measure I program will be administered. Detailed review of Part 2 is especially important, as the policies represent the rules by which Measure I funding allocation will be governed. The policies are referenced by a policy number and a program acronym. More explicit policy numbering may be provided in the final Strategic Plan. The Draft Strategic Plan is written as if it is already in force, even though it has not been approved at this point, so that the tenses will not need to be edited for the final Strategic Plan.

This distribution initiates the formal review and comment period on the Draft Measure I 2010-2040 Strategic Plan. The closing date for comments is January 21, 2009. Written comments are requested and should be sent to Ty Schuiling, SANBAG Director of Planning and Programming. Following the close of comments, SANBAG staff will prepare a response to comments for February committee meetings and/or a Board workshop in mid-February. The final Strategic Plan Report will be prepared for March committee approval, with SANBAG Board approval scheduled for April 1, 2009.

During the comment period, SANBAG staff welcomes any questions, informal comments, and requests for meetings with individual jurisdictions and other interested parties. A workshop on the Draft Strategic Plan will be held for the Comprehensive Transportation Plan Technical Advisory Committee on Monday, January 12, 2009 to provide a forum for agency interaction and discussion of the draft. .

The Draft Strategic Plan Report is also being made available on the SANBAG website at www.sanbag.ca.gov. A link is provided on the website home page to enable downloading of all or a portion of the draft. Some of the figures in this draft have been compressed to fit in an 8.5" by 11" reproducible format. Full-size color figures can be printed from the SANBAG website.

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- Part 1 -

Measure I 2010-2040 Implementation Strategy and Program Description

I. Introduction

I.A. Measure I Half-Cent Sales Tax – History and Background

The California State Legislature authorized county transportation authorities to enact local option sales tax measures for transportation improvements in the late 1980s, under provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code. In November 1989, San Bernardino County voters approved passage of Measure I, authorizing the San Bernardino County Transportation Authority to impose a half cent retail transactions and use tax applicable in the incorporated and unincorporated areas of the County of San Bernardino for the 20-year period between April 1, 1990 and March 31, 2010. San Bernardino Associated Governments (SANBAG), acting as the Authority, was authorized to administer the programs described in the Measure. The SANBAG Board serves as the Authority Board of Directors. Revenue from the tax can only be used for transportation improvement and traffic management programs authorized in the Expenditure Plan set forth in Ordinance No. 89-1.

By March 2010, Measure I will have generated approximately $1.8 billion in nominal dollars of revenue for transportation projects throughout San Bernardino County over the 20 year life of the Measure. The list of accomplishments is extensive and includes initiation of Metrolink commuter rail service, construction of the SR-71 and SR-210 freeways; widening of I-10, SR-60, and I-215, the widening and maintenance of various arterial roadways and local streets throughout San Bernardino County, and support for transit operators throughout the County.

Early in the second decade of Measure I, it became apparent that continuation of the half-cent sales tax would be critical to maintaining funding for transportation in San Bernardino County. SANBAG member jurisdictions and transportation stakeholders worked to identify transportation needs, and an expenditure plan was developed to serve as a basis for the renewal of Measure I. Ordinance No. 04-01 was placed before voters in November 2004, and Measure I was renewed resoundingly, with just over 80% of the vote. The new Measure I extends the half-cent sales tax for 30 years, from April 1, 2010 through March 31, 2040. The new Measure is referred to as Measure I 2010-2040 to distinguish it from the first Measure I.

I.B. Purpose of the Measure I 2010-2040 Strategic Plan

In August 2005, the SANBAG Board of Directors approved a Strategic Plan Scope of Work to address significant policy, fiscal, and institutional issues associated with Measure I 2010-2040. The approved Scope noted that the magnitude of Measure I 2010-2040 rivals the transportation budgets of some states. It was also noted that the policy, fiscal, and institutional issues associated with administration of Measure I 2010-2040 are complex and interrelated, and that they differ among the Valley, Mountain, and Desert areas of the County. By approving preparation of this Strategic Plan, SANBAG demonstrated its intent to address these issues and set a course for implementation through a measured, comprehensive, strategic planning process.

Consistent with the approved Scope of Work, the Strategic Plan is the official guide and reference for the allocation and administration of the combination of local transportation sales tax, state and federal transportation revenues, and private fair-share contributions to regional transportation facilities from new development needed to fund delivery of the Measure I 2010-2040 transportation program. It also establishes the policies, procedures and institutional processes needed to manage the implementation and on-going administration of Measure I 2010-2040.

The administrative policies and procedures described herein are products of more than three years of analysis of fiscal and procedural alternatives, discussion and direction provided through technical and policy committees, and approval by the SANBAG Board of Directors. The Strategic Plan includes specific actions and policies to be implemented in the near-term, and broader, more conceptual guidance for the out-years of the Measure. As noted in Section II.E, the Strategic Plan will be updated periodically to reflect the changes in costs, revenues, conditions, and priorities that will undoubtedly occur over the life of Measure I 2010-2040.

I.C. Approach to the Measure I 2010-2040 Strategic Plan

The Strategic Plan is intended to structure Measure I 2010-2040 programs so that they:

- Fulfill commitments made to the voters
- Are financially feasible and scaled to the revenue projected to be available
- Are implemented with policies and procedures that provide financial accountability, treat each of SANBAG's member jurisdictions equitably, and provide predictable access to Measure I revenues
- Can be managed with the resources available to SANBAG

The Strategic Plan has been developed based on the best available information of projected Measure I 2010-2040 revenues and program costs. History has shown that projections of up to 30 years into the future are extremely uncertain. For example, the predictions by regional demographers in 1978 of the San Bernardino County population in year 2000 were 50% low over just that 20-year span. Projections of funding, which depend on forecasts of population growth and other variables, should be viewed as order-of-magnitude. Funding availability can vary significantly, even dramatically, from one year to the next. Forecasts of federal and state revenues must be made over 30 years of congressional and legislative cycles with highly unpredictable outcomes. The federal and state revenues are dependent not only on the willingness of these bodies to renew and fund programs, but on their willingness to modify revenue sources to keep pace with needs.

In summary, although SANBAG intends to be realistic in terms of revenue and cost projections, reality could vary significantly from these assumptions. The Strategic Plan policies and procedures have been prepared so that project delivery can adapt to these uncertainties. Scope adjustments have already been made to some of the programs in light of information generated during the Strategic Plan development process. Several programs have been structured based on the prioritization of projects, thereby controlling commitments made to Measure I dollars. Updates to the Strategic Plan to better reflect future conditions will occur as indicated in Section II.E.

I.D Measure I 2010-2040 Strategic Plan Organization

The remainder of the Strategic Plan is organized into two parts:

- Part 1 – Measure I 2010-2040 Implementation Strategy and Program Description
- Part 2 – Measure I 2010-2040 Policies

Part 1 describes the strategy for implementation of Measure I at the countywide level as well as for the individual programs within each geographic subarea. Part 2 contains the specific policies that govern each of the programs, describing the rules and procedures by which SANBAG manages Measure I projects and interacts with local jurisdictions in funding projects and facilitating project delivery.

Part 1 consists of the following sections:

- Section II. Measure I 2010-2040 Expenditure Plan – Provides a description of how the Measure is organized into geographic subareas and programs, defines eligible projects, and specifies funding percentages for programs within each subarea.
- Section III. Measure I 2010-2040 Strategic Plan Framework - States the Board-adopted Strategic Plan principles and provides an overview of the countywide implementation strategy.
- Section IV. Measure I 2010-2040 Subarea Programs - Presents the scope, financial analysis, and implementation actions for each subarea and program. The comprehensive list of policies pertaining to each specific Measure I program are provided in Part 2.

II. Overview of the Measure I 2010-2040 Expenditure Plan

II.A. Measure I 2010-2040 Subarea and Program Overview

II.A.1. Background

San Bernardino County Transportation Authority Ordinance 04-01 was approved by the voters of San Bernardino County on November 4, 2004. The Ordinance is referred to in the Strategic Plan as Measure I 2010-2040 to distinguish it from the 20-year half-cent sales tax measure that took effect in April 1990. A complete copy of the Ordinance, including the Expenditure Plan, is provided in Appendix A. All the financial data in the Expenditure Plan have been updated in this Strategic Plan.

The Measure I retail transactions and use tax is statutorily dedicated for transportation purposes only in San Bernardino County and cannot be used for other governmental purposes or programs. There are specific safeguards in the Ordinance to ensure that funding is used in accordance with the specified voter-approved transportation project improvements and programs.

The Measure I Ordinance contains maintenance-of-effort provisions that state that funds provided to government agencies by Measure I are to supplement, and not replace, existing local revenues being used for transportation purposes. In addition, Measure I 2010-2040 revenues are not to replace requirements for new development to provide for its own road needs. The Ordinance further states that Measure I funding priorities should be given to addressing current road needs, easing congestion, and improving roadway safety.

Eligible expenditures include those for planning, environmental reviews, engineering and design costs, related right-of-way acquisition, and construction. Eligible expenditures also include, but are not limited to, debt service on bonds and expenses in connection with issuance of bonds.

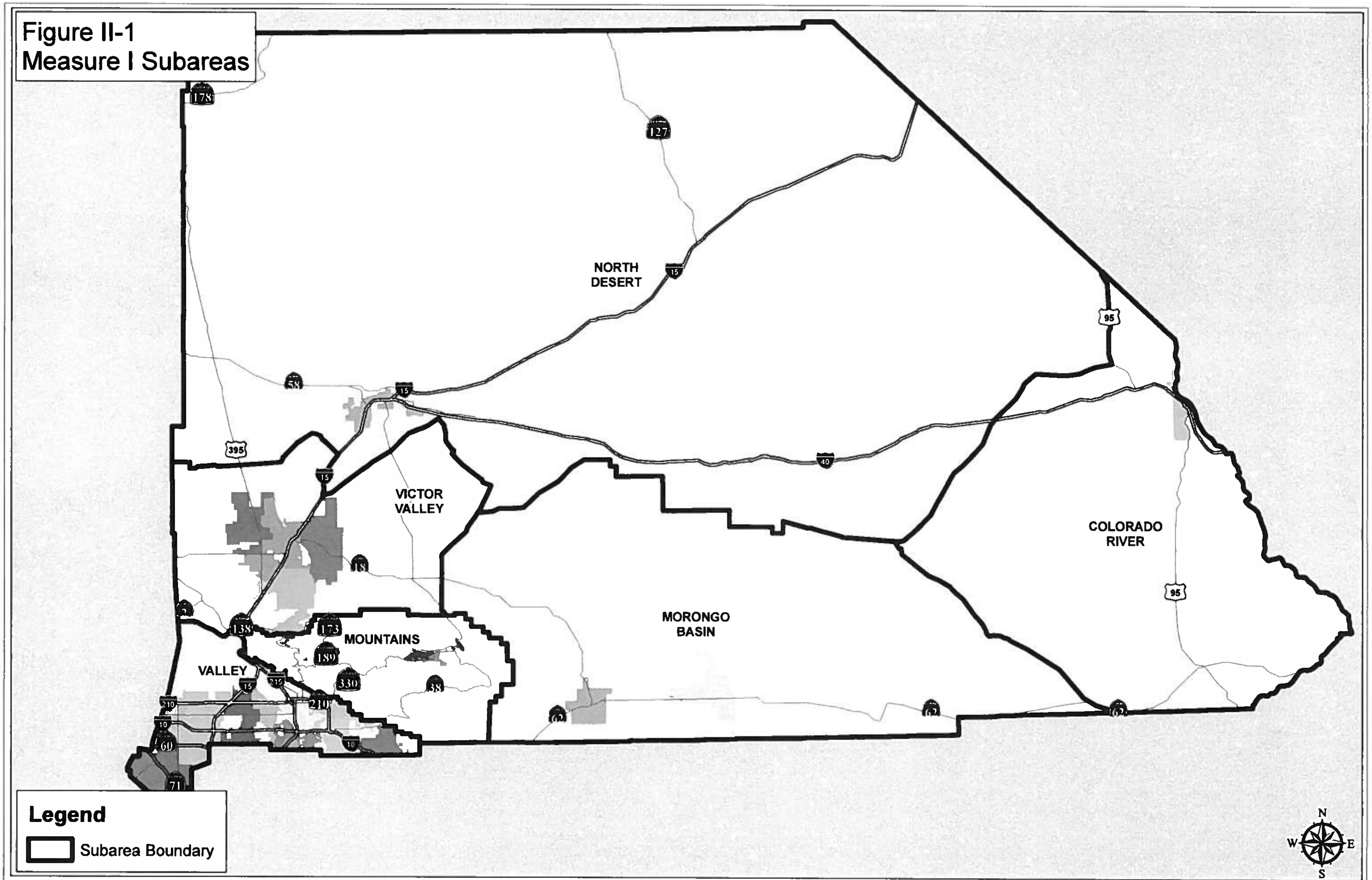
II.A.2. Subarea and Program Structure

Measure I 2010-2040 is organized into subareas as shown in Figure II-1:

- Colorado River
- Morongo Basin
- Mountains
- North Desert
- San Bernardino Valley
- Victor Valley

Additionally, the Ordinance establishes a Cajon Pass Expenditure Plan, covering portions of both the San Bernardino Valley and Victor Valley Subareas. The Cajon Pass Expenditure Plan is funded by 3% of the revenue generated by the San Bernardino Valley and Victor Valley Subareas.

Figure II-1
Measure I Subareas



Measure I 2010-2040 has a return-to-source provision that states that funds shall be allocated to subareas in accordance with the actual revenue collected in each subarea. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated in each subarea are to be expended on projects of direct benefit to that subarea. Revenues are accounted for separately for each subarea and then allocated to specified project categories in each subarea. These project categories are termed "programs" in this Strategic Plan.

Decisions on how revenues are expended within the subareas are made by the SANBAG Board of Directors, based upon recommendations of local representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea are to be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea. A proportional share of projected State and federal transportation funds is to be reserved for use solely within the Valley Subarea and individual Mountain/Desert (Colorado River, Morongo Basin, Mountains, North Desert and Victor Valley) Subareas.

In the San Bernardino Valley Subarea, the Measure I 2010-2040 programs are as follows:

- Freeway Program
- Freeway Interchange Program
- Major Street Program
- Local Street Program
- Metrolink/Rail Program
- Express Bus/Bus Rapid Transit Program
- Senior and Disabled Transit Program
- Traffic Management Systems Program

In each of the Mountain/Desert Subareas, the programs are as follows:

- Local Street Program
- Major Local Highway Program
- Senior and Disabled Transit Program

Project eligibility and Measure I funding distribution for each of the programs are delineated in Section II.A.4.

II.A.3. Contributions from New Development

Section VIII of the Measure I ordinance states specific development mitigation requirements:

"SECTION VIII. CONTRIBUTIONS FROM NEW DEVELOPMENT. No revenue generated from the tax shall be used to replace the fair share contributions required from new development. Each local jurisdiction identified in the Development Mitigation Program must

adopt a development financing mechanism within 24 months of voter approval of the Measure 'I' that would:

"1) Require all future development to pay its fair share for needed transportation facilities as a result of the development, pursuant to California Government Code 66000 et seq. and as determined by the Congestion Management Agency.

"2) Comply with the Land Use/Transportation Analysis and Deficiency Plan provisions of the Congestion Management Program pursuant to California Government Code Section 65089.

> *"The Congestion Management Agency shall require fair share mitigation for regional transportation facilities through a Congestion Management Program update to be approved within 12 months of voter approval of Measure 'I'."*

SANBAG serves as the Congestion Management Agency for San Bernardino County. The SANBAG Board approved modifications to the Congestion Management Program (CMP) to incorporate these provisions for the urbanized areas of the County (including the incorporated jurisdictions of the Valley and Victor Valley and their unincorporated spheres of influence) in November, 2005. The SANBAG Development Mitigation Program adopted into the CMP includes the Land Use/Transportation Analysis Program, Development Mitigation Nexus Study and the development mitigation implementation language: Chapter 4, Appendix K and Appendix J of the CMP, respectively. Jurisdictions in the Valley and Victor Valley subsequently approved the creation or update of development impact fee (DIF) programs that include mitigation for improvements to freeway interchanges, rail/highway grade separations, and arterial streets on the regional network.

II.A.4. Revenue Distribution and Eligible Projects by Subarea and Program

As indicated above, Measure I funds shall be allocated to subareas by percentage of the actual revenue received. The Cajon Pass Expenditure Plan will receive three percent of the revenue generated in the San Bernardino Valley Subarea and the Victor Valley Subarea. This revenue will be reserved in an account for funding of the I-15/I-215 Interchange in Devore, I-15 widening through Cajon Pass, and truck lane development. The programs for the San Bernardino Valley and Mountain/Desert Subareas are explained below:

San Bernardino Valley Subarea

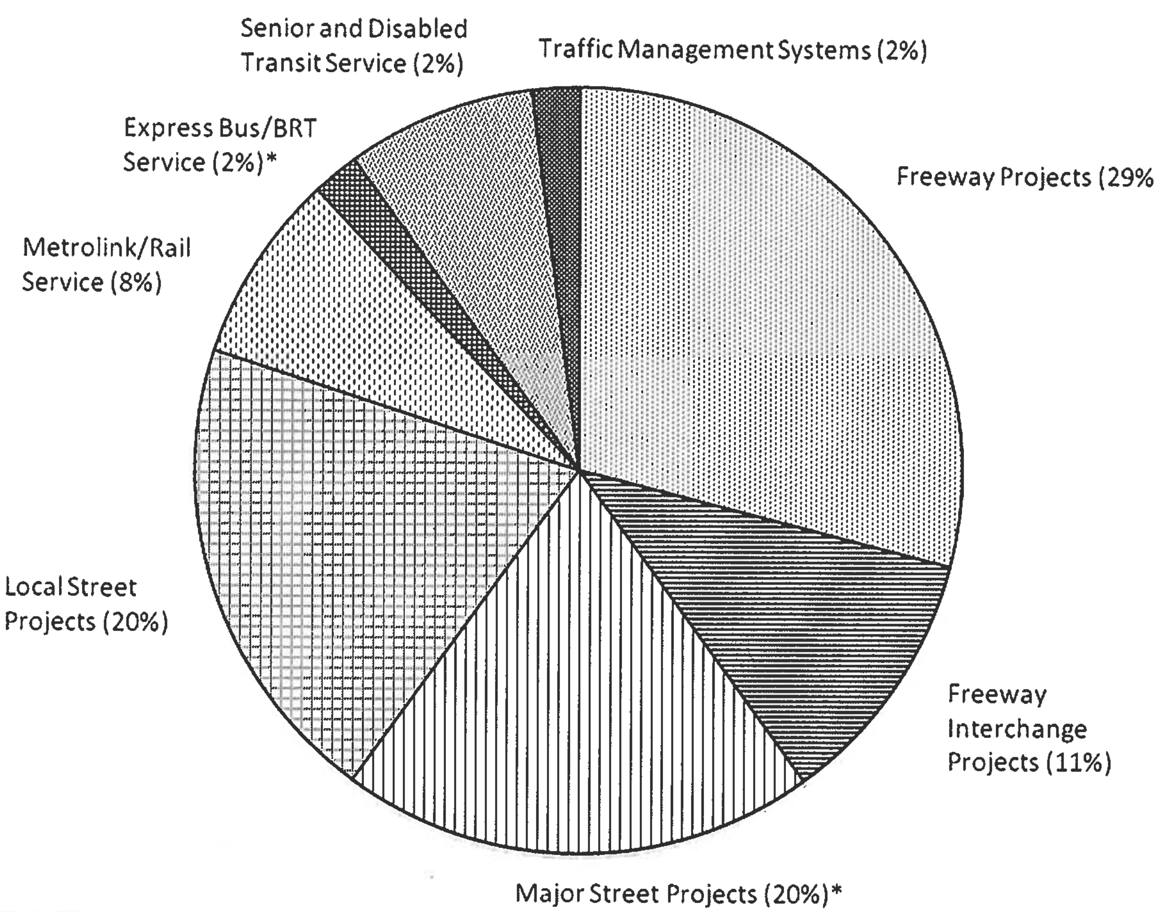
- Freeway Program
  - Receives 29% of Valley Subarea revenues
  - Eligible projects include: I-10 widening from I-15 to Riverside County Line, I-15 widening from Riverside County Line to I-215, I-215 widening from Riverside County Line to I-10, I-215 widening from SR-210 to I-15, SR-210 widening from I-215 to I-10, and carpool lane connectors.
- Freeway Interchange Program
  - Receives 11% of Valley Subarea revenues

  - Eligible projects include various interchanges on I-10, I-15, SR-60, I-215, and SR-210. The SANBAG Nexus Study contains the list of freeway interchanges in the Valley that could be eligible for these funds.
- Major Street Program
  - Upon initial collection of revenue, the Major Street Program will receive 20% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Major Street Program allocation shall be reduced to no more 17% but to not less than 12% upon approval by the Authority Board of Directors and the Express Bus/Bus Rapid Transit Service allocation shall be increased by a like amount. Equitable geographic distribution of projects shall be taken into account over the life of the program.
  - The SANBAG Nexus Study and CMP requirements have established projects that are eligible for funding under this program. Both rail/highway grade separations and arterial roadway improvements on the regional network are eligible. The regional network is identified in the Nexus Study.
- Local Street Program
  - Receives 20% of revenue collected in the Valley Subarea. This revenue is distributed to local jurisdictions for local street projects. Allocations to jurisdictions shall be on a per capita basis using the most recent State Department of Finance population estimates for January 1.
  - Local street projects are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Expenditure of funds shall be based on a Five Year Plan adopted annually by the governing body of each jurisdiction. Funds are passed by SANBAG directly through to the local jurisdictions.
- Metrolink/Rail Program
  - Receives 8% of Valley Subarea revenues
  - Eligible expenditures include, in part, purchase of additional Metrolink commuter rail passenger cars and locomotives, construction of additional track capacity, construction of additional parking spaces at Metrolink stations, new passenger rail service between San Bernardino and Redlands, and extension of the Gold Line light rail to Montclair.
- Senior and Disabled Transit Service
  - Receives 8% of Valley Subarea revenues
  - This is a continuation of the subsidy to transit operators to reduce fares for senior and disabled citizens.
- Express Bus/Bus Rapid Transit Service
  - Upon initial collection of revenue, the Express Bus/Bus Rapid Transit Service category will receive 2% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Express Bus/Bus Rapid Transit Service category shall be increased to at least 5%, but no more than 10% upon approval by the Authority Board of Directors. The Major Street Projects category shall be reduced by a like amount.

  - Funds in this category shall be expended for the development, implementation, and operation of express bus and bus rapid transit service, to be jointly developed by SANBAG and transit service agencies serving the Valley Subarea.
- Traffic Management Systems
  - Receives 2% of Valley Subarea revenue
  - Eligible projects include signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, and projects which contribute to environmental enhancement associated with transportation facilities.

Figure II-2 summarizes the percentage distribution for Valley programs.

Figure II-2
Distribution of Measure I Revenue for Valley Programs



* Upon initial collection of revenue, the Major Street Program will receive 20% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Major Street Program allocation shall be reduced to no more than 17% but to not less than 12% upon approval by the Authority Board of Directors and the Express Bus/Bus Rapid Transit Service allocation shall be increased by a like amount.

Mountain/Desert Subareas

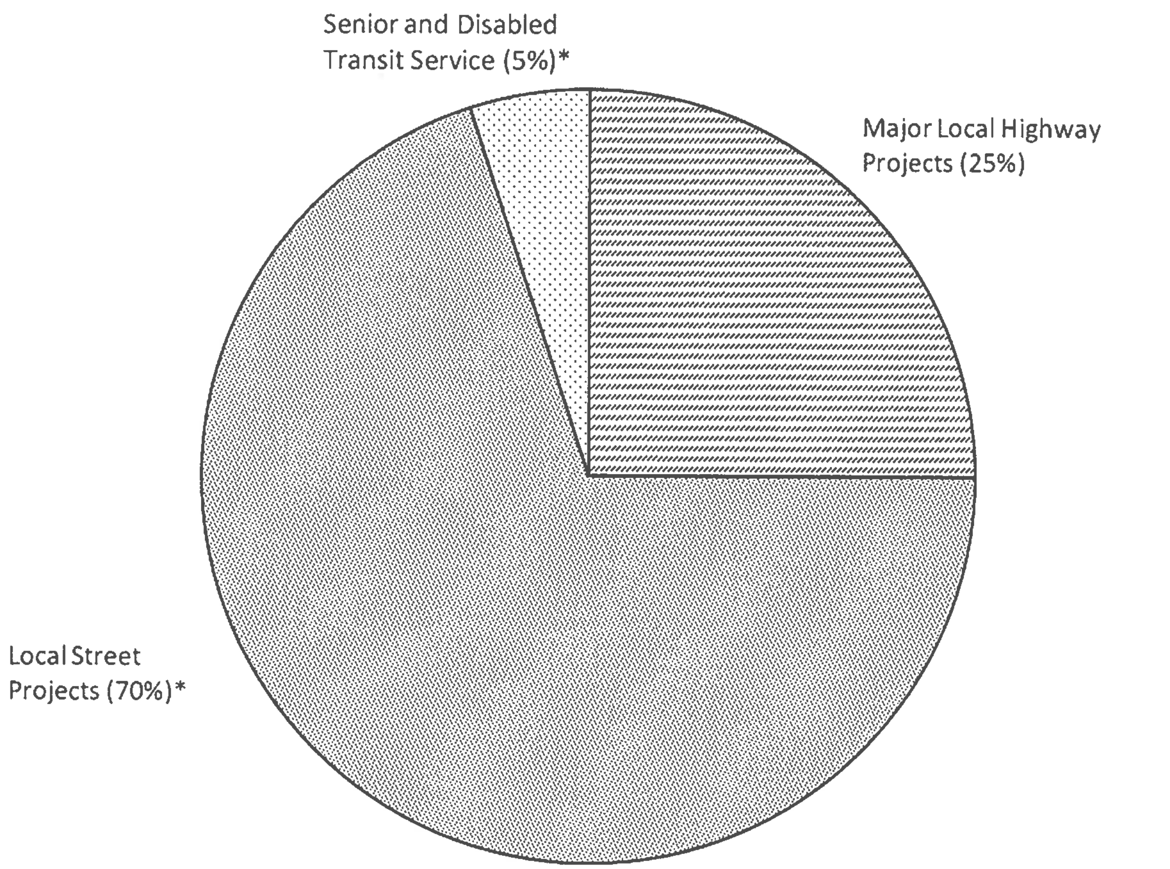
The following Expenditure Plan requirements apply to each of the Mountain/Desert Subareas, including the Victor Valley, North Desert, Mountains, Morongo Basin, and Colorado River Subareas:

- Local Street Program
  - 70% of revenue collected within each subarea shall be apportioned for Local Street Projects within each subarea. 2% of revenue collected within each subarea shall be reserved in a special account to be expended on Project Development and Traffic Management Systems.
  - After reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, the remaining amount of funds shall be allocated to local jurisdictions based on population (50 percent) and tax generation (50 percent).
  - Local street projects are defined as street and road construction, repair, maintenance and other eligible transportation priorities established by local jurisdictions. Expenditure of funds shall be based on a Five Year Plan adopted annually by the governing body of each jurisdiction. Funds are passed by SANBAG directly through to the local jurisdictions.
- Major Local Highway Program
  - 25% of revenue collected within each subarea shall be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea.
  - Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports.
- Senior and Disabled Transit Program
  - 5% of revenue collected within each subarea shall be reserved in an account for Senior and Disabled Transit Service. Senior and Disabled Transit funding is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities.
  - In the Victor Valley Subarea, the percentage for Senior and Disabled Transit Service shall increase by .5% in 2015 with additional increases of .5% every five years thereafter to a maximum of 7.5%.
  - In the North Desert, Colorado River, Morongo Basin, and Mountain Subareas, local representatives may provide additional funding beyond 5% upon a finding that such increase is required to address unmet transit needs of senior and disabled transit services. All increases above the 5% initial revenue collected for Senior and Disabled Transit Service shall come from the general Local Street Projects category of the subarea.

- SANBAG's Mountain-Desert Committee shall remain in effect and provide oversight to implementation of the Mountain/Desert Expenditure Plan.

Figure II-3 summarizes the percentage distribution for each of the Mountain/Desert Subarea programs.

Figure II-3
Distribution of Measure I Revenue for Mountain/Desert Programs



* In the Victor Valley Subarea, the percentage for Senior and Disabled Transit Service shall increase by .5% in 2015 with additional increases of .5% every five years thereafter to a maximum of 7.5%.

II.B. Measure I Revenue Estimates

II.B.1. Background

The November 2004 Expenditure Plan for Measure I 2010-2040 estimated that $6 billion would be generated by the half-cent sales tax over 30 years. Estimates of revenue for each subarea and program were derived from this overall revenue forecast. Estimates were in 2004 dollars and stated to be not binding or controlling. The expectation was that the revenue estimates would be periodically updated.

In April 2006, Dr. John Husing prepared a revised Measure I revenue forecast of $8.35 billion in 2005 dollars. The upward revision to the revenue forecast was developed by revising several key assumptions that had previously been used during the preparation of the original Expenditure Plan. At its August 2006 meeting, the SANBAG Board adopted a slightly more conservative revenue estimate of $8.0 billion for purposes of initiating work on the Measure I 2010-2040 Strategic Plan.

Modifications to the revenue assumptions by Dr. Husing in early 2008 lowered the 30-year non-inflated Measure I revenue estimates to $7.25 billion in 2008 dollars. The SANBAG Board approved the estimates for use in the Strategic Plan at its April 2008 meeting. Although the economy in early 2008 appears to be on a path to a steeper decline than may have been projected by Dr. Husing in early 2008, the Strategic Plan has been based on the $7.25 billion estimate of 30-year revenue countywide. The Strategic Plan assumptions will be revisited periodically, and the current estimate has proved to be sufficient to help scale each of the programs to the appropriate level.

II.B.1 Measure I Subarea Revenue Estimates

The Measure I revenue forecast prepared by Dr. Husing was at the countywide level. Following the approval of the $8 billion revenue forecast for Measure I 2010-2040, SANBAG staff began to develop subarea revenue estimates for strategic planning purposes. The challenge involved developing a methodology for disaggregating Measure I revenue to subarea levels in a way that reflects projected growth patterns.

Each Measure I subarea receives its funds based on a return-to-source calculation. SANBAG staff has information for the current subarea revenue distribution; however, each of the Measure I subareas will continue to grow at different rates. For instance, the Victor Valley, with an abundance of vacant land and a developing retail sector, will continue to grow at a faster rate than the San Bernardino Valley, which is nearing buildout in many areas. A methodology was approved by the SANBAG Board in January 2007 that considered both historical per capita revenue growth and population growth.

Currently, San Bernardino Valley receives approximately 80.3% of the Measure I revenue and the Victor Valley Subarea currently receives approximately 10.3%. The Valley generates the bulk of the revenue because of the large population and the more mature retail sector, when compared to the other Measure I subareas. Over the 30-year life of the Measure, however, the relative percent share for the San Bernardino Valley Subarea is projected to be 75.6% and the relative share for the Victor Valley is projected as 14.9%. The change in the percent share of Measure I is the product of the faster growing communities, the expansion of retail opportunities and retail capture rate of the Victor Valley during the next 30 years. The final prediction of Measure I subarea shares approved for strategic planning purposes by the SANBAG Board is shown in Table II-1.

It is important to note that both the countywide revenue forecast and the forecast distribution to subareas are projections that extend 30 years into the future. The forecasts have been generated to assist in scaling the programs and projected expenditures to these expectations of revenue. As stated in the Measure I ordinance, the revenue estimates are not binding or controlling. They are a planning tool, and the actual distribution of revenue will occur according to the specifications in the ordinance.

The projected subarea shares were based on annual estimates of revenue, summed over the 30-year life of the Measure. The annual estimates have been used to conduct cash-flow analyses for several of the programs. The annual revenue stream is important in understanding the extent to which early project delivery may be possible through bonding against the Measure I revenue stream. Additional information on revenue projections is provided in the sections discussing individual programs.

Table II-1
Projected Shares of Measure I 2010-2040 by Subarea
For Strategic Planning Purposes

S.B. Valley	Col. River	Mor. Basin	Mountains	No. Desert	V. Valley
75.6%	0.14%	2.4%	2.1%	2.1%	14.9%

Note: The Cajon Pass Expenditure Plan is projected to receive approximately 2.8%, in addition to the figures listed above.

II.C. Development Mitigation Program Requirements

II.C.1. Background

The Development Mitigation Program was initiated in response to specific language that was included in the Measure I 2010-2040 Ordinance. The development contribution requirements of Measure I 2010-2040 are included in Section VIII of the ordinance, which was referenced in Section II.A.3.

The SANBAG Development Mitigation Program was approved by SANBAG, acting as the San Bernardino County Congestion Management Agency (CMA), on October 5, 2005 and revised based on amendments approved by the SANBAG Board on July 5, 2006, October 4, 2006, November 1, 2006, January 10, 2007, March 7, 2007 and November 7, 2007. The Development Mitigation Program is comprised of three documents, all of which are included as components of the San Bernardino County Congestion Management Program — Chapter 4 of the CMP ("Land Use/Transportation Analysis Program"), Appendix K of the CMP ("Development Mitigation Nexus Study) and Appendix J of the CMP (Development Mitigation Program Implementation Language).

II.C.2. Urban and Rural Development Mitigation Requirements

The San Bernardino County CMP implements the Land Use/Transportation Analysis Program and development mitigation requirements with two distinct approaches, depending on geographic location within the County. The first approach addresses the incorporated jurisdictions and the spheres of influence in the San Bernardino Valley and Victor Valley. The second approach applies to all other areas of the County. These two approaches are summarized below:

1. For San Bernardino Valley and Victor Valley cities and sphere areas: local jurisdictions implement development mitigation programs that generate development contributions for regional transportation improvements equal to or greater than fair share contributions determined through the SANBAG Development Mitigation Nexus Study (Appendix K of the CMP). Regional transportation facilities addressed by the Nexus Study include freeway interchanges, railroad grade separations, and regional arterial highways on the Nexus Study Network. Local jurisdiction development mitigation programs must comply with the implementation requirements established in Appendix J of the CMP. As of January 2007, each local jurisdiction adopted a compliant development mitigation program based on the requirements established by the SANBAG Development Mitigation Program. The local jurisdictions required to participate in the Development Mitigation Program are: Adelanto, Apple Valley, Chino, Chino Hills, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, Victorville, Yucaipa and the County of San Bernardino for spheres of influence. The development contributions are collected and allocated by local jurisdictions based on policies included in the Valley Freeway Interchange, Valley Major Street and Victor Valley Major Local Highway Programs contained in this strategic plan. Development contributions are not held by SANBAG.

2. For areas outside the San Bernardino Valley and Victor Valley cities and spheres: local jurisdictions must prepare Traffic Impact Analysis (TIA) reports for proposed development projects exceeding specified thresholds of trip generation. This is a continuation of a requirement established when the CMP was originally approved by the SANBAG Board in 1992. TIA reports must comply with requirements contained in Appendix C of the CMP. Local jurisdictions required to participate in the TIA program

are: Barstow, Big Bear Lake, Needles, Twentynine Palms, Yucca Valley and other unincorporated areas in the Mountain/Desert Subareas.

At their discretion, jurisdictions outside the urbanized Valley and Victor Valley may adopt Approach 1, in coordination with and subject to the approval of the SANBAG Board. However, an amendment to the Nexus Study is required for this to occur. Estimates of revenue that may be generated by the development mitigation program are referenced in the Financial Analysis sections of this Strategic Plan for the relevant Valley and Victor Valley programs. Appendices J and K of the CMP should be referenced for policies governing structure of the development mitigation program and its associated policies.

The 2007 update of the Nexus Study estimates that $1.2 billion in development contributions in the San Bernardino Valley could be available to interchanges, rail/highway grade separations, and arterial projects on the regional network to supplement Measure I resources. The Nexus Study estimates that approximately $460 million in development contributions could be available for such projects in the Victor Valley. Most jurisdictions have additional development-based fees and mitigation for local street projects that are not part of the regional network. Development contributions will likely be part of the funding picture for other Mountain/Desert Subareas as well, but these will occur on a project-by-project basis in accordance with site-specific traffic studies and mitigation requirements.

II.D. Other Sources of Revenue

The purpose of this section is to provide an overview of State and federal funding for transportation, as related to the delivery of Measure I projects. A basic understanding of state and federal funding processes and trends is important to be able to establish sound policy direction.

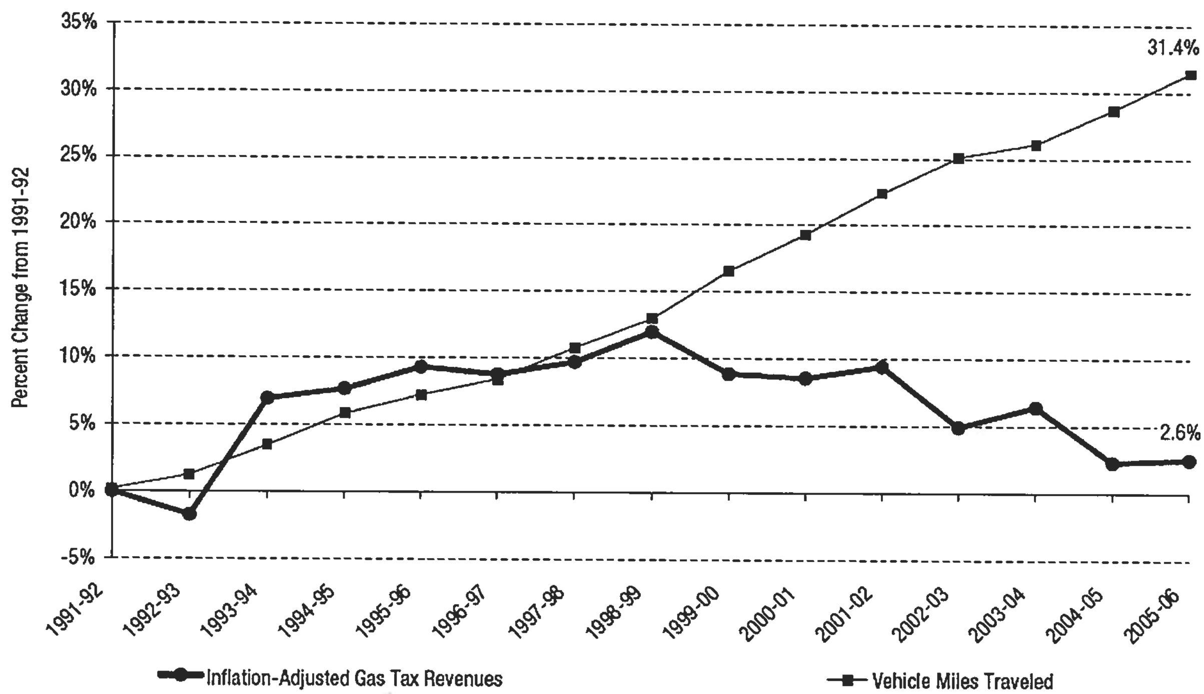
State and federal funding continues to be an important component of project delivery in the Measure I Expenditure Plan. However, the availability of State and federal funding has been steadily declining over the past 20 years. Through the mid-1990s in California, State and federal transportation revenues accounted for almost 75% of total transportation funding, and local agencies contributed approximately 25%. The local share is now approximately 51%, only a little over 10 years later. California has not raised its fuel tax since 1990, and virtually all of the gas tax available to the state is being used for maintenance of the existing system. Figure II-2 shows a comparison of the increase in State gas tax revenue, on an inflation-adjusted basis, with the increase in travel within California in vehicle miles.

Additionally, the federal highway trust fund is in serious trouble, with indications that the fund will be completely exhausted in late summer 2009. It would have been exhausted in Fall 2008, were it not for an emergency infusion of $8 billion by Congress. An effort is being made in Congress to address the problem in advance of the reauthorization of the Federal Transportation Act, but it is a very difficult issue, considering the unpopular prospect of an increase to the federal gas tax.

Absent local option sales tax measures, few resources would be available for expansion of the transportation system in California. In total, as of 2007, 19 counties in California have adopted local option sales tax measures to fund transportation improvements. San Bernardino County's local option sales tax, Measure I, was initially approved in 1989 and reauthorized in 2004. Revenue from the initial Measure is projected to total $1.8 billion. Were it not for Measure I, the substantial improvements to the regional highway system would not have been possible.

Figure II-4

Increase in Inflation-Adjusted State Gas Tax Revenue vs. Vehicle Miles of Travel



Source: Legislative Analyst's Office

The continuity and sustainability of State and federal funding is uncertain, at best. It is against this backdrop that financial planning for the Measure I 2010-2040 Strategic Plan has been conducted. Appendix C provides a brief overview of the sources and uses of State and federal transportation funding as they are known at this time.

II.D. Independent Taxpayer Oversight Committee

Beginning on April 1, 2010 the Independent Taxpayer Oversight Committee (ITOC) shall be established by SANBAG. The ITOC shall provide citizen review to ensure that all Measure I funds are spent by the SANBAG in accordance with provisions of the Expenditure Plan and Ordinance No. 04-01. Given the thirty-year duration of the tax extension, the ITOC shall be appointed 180 days after the effective date of the tax extension (April 1, 2010) and continue as long as Measure I revenues are collected. The SANBAG Board of Directors and staff shall fully cooperate with and provide necessary support to ensure the ITOC successfully carries out its duties and obligations.

The ITOC shall review the annual audits of SANBAG; report findings based on the audits to SANBAG; and recommend any additional audits for consideration which the ITOC believes may improve the financial operation and integrity of program implementation. SANBAG shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Board meeting, with the participation of the ITOC to consider the findings and recommendations of the audits.

SANBAG shall have an open process to select five committee members, which shall include solicitation of trade and other organizations to suggest potential nominees to the committee. The committee members shall possess the following credentials:

- One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure "I" funding.
- One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One member who is a current or retired manager of a major privately financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One public member, who possesses the knowledge and skills which will be helpful to the work of the ITOC.
- The Chair and the Executive Director of the Authority shall serve as ex-officio members of the ITOC.

Listed below are additional requirements established in the Measure I Ordinance with regards to the ITOC.

- Committee members shall serve staggered four-year terms.
- In no case shall any voting committee member serve more than eight years on the ITOC.
- Committee members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Committee members cannot be a current local elected official in the county or a full time staff member of any city, the county government, local transit operator, or state transportation agency.
- Non-voting ex-officio committee members shall serve only as long as they remain incumbents in their respective positions and shall be automatically replaced by their successors in those positions.
- If and when vacancies on the ITOC occur on the part of voting committee members, either due to expiration of term, death or resignation the nominating body for that committee shall nominate an appropriate replacement within 90 days of the vacancy to fill the remainder of the term.

ITOC voting members shall have no legal action pending against SANBAG and are prohibited from acting in any commercial activity directly or indirectly involving SANBAG, such as being a consultant during their tenure on the ITOC. ITOC voting members shall not have direct commercial interest or employment with any public or private entity, which receives the transportation tax funds authorized by the voters in this Ordinance.

II.E. Strategic Plan Updates and Amendments

This Measure I 2010-2040 Strategic Plan is intended to be updated periodically to reflect changes in project costs, revenues, economic conditions, and project priorities that will undoubtedly occur over the 30-year life of the Measure. Section XIV (1) of the San Bernardino County Transportation Authority Ordinance No. 04-01 states, "Beginning in 2015, and at least every ten years thereafter, the Authority shall review, and where necessary, propose revision to the Expenditure Plan." It is expected that Expenditure Plan revisions such as those contemplated by Ordinance 04-01 would trigger reconsideration of the Strategic Plan as well. However, changes in Strategic Plan policy to reflect marked changes in fiscal conditions and transportation priorities can be considered at any time deemed appropriate by a majority of the SANBAG Board of Directors.

III. Measure I Strategic Plan Framework

Section III articulates the overall framework for implementation of Measure I 2010-2040. The implementation framework contains strategies that are uniform in application across the county and strategies that are program-specific. Section III covers countywide strategies. Program-level strategies are addressed in Section IV. Section III.A covers the overarching principles adopted by the SANBAG Board to guide the development of the Strategic Plan. Section III.B provides an overview of the implementation strategy, focusing on activities that are countywide in nature.

III.A. Overarching Principles

In January 2007, the SANBAG Board endorsed a set of principles that provide overall guidance and direction to the Strategic Plan. They are the foundation upon which specific program policies are based and include:

1. Deliver all Expenditure Plan projects at the earliest possible date.
2. Seek additional and supplemental funds as needed for completion of all Expenditure Plan projects.
3. Maximize leveraging of State, federal, local, and private dollars.
4. Ensure use of federal funds on otherwise federalized projects.
5. Sequence projects to maximize benefit, minimize impact to the traveling public, and support efficient delivery.
6. Provide for geographic equity over the life of the Measure.
7. Recognize that initiation of project development work on arterial, most interchange, and railroad crossing projects is the responsibility of local jurisdictions. Initiation of project development work on freeway mainline projects and interchange improvements required for the mainline projects is the responsibility of SANBAG.
8. Work proactively with agency partners to minimize the time and cost of project delivery.
9. Structure SANBAG to effectively deliver the Measure projects.
10. Exercise environmental stewardship in delivering the Measure projects.
11. Periodically update the Strategic Plan through the life of the Measure.
12. Utilize debt financing when and where appropriate.

III.B. Overview of the Implementation Strategy

The implementation strategies for each individual Measure I program are addressed in Section IV. However, some elements of the strategy are applicable to all Measure I programs throughout the county. The countywide implementation strategies are designed to effectively deliver the transportation projects for which Measure I was approved by the voters. Implementation strategies common to all Measure I programs include:

- Strategy 1: Maximize revenue
- Strategy 2: Control project and program cost

- Strategy 3: Accelerate project delivery through borrowing, where appropriate
- Strategy 4: Remove obstacles to timely project development

Each is discussed in the sections below.

III.B.1. Strategy 1: Maximize Revenue

SANBAG and most other state and local transportation agencies continue to face transportation funding challenges. Measure I and other local transportation funds, originally intended to augment State and federal transportation revenues, now comprise more than half of available funding for transportation. As construction costs continue to rise and State and federal funding levels become increasingly uncertain, SANBAG must focus on strategies that maximize revenue with the goal of efficiently delivering priority projects.

Sales tax revenue is largely a stable source of funding. The current Measure I did not experience significant volatility in revenue generation for the majority of the Measure's history. It was not until fiscal year 2007/2008 that Measure I first experienced a contraction of sales tax revenue. Ultimately, growth in Measure I revenue is dependent on growth of taxable sales, which is linked in turn to demographic and economic growth, and the maturation of San Bernardino County's wholesale and retail sectors. These are not areas that SANBAG has the ability to directly influence.

Consequently, SANBAG's revenue maximization strategy is focused principally on ways the agency can increase its share of State and federal resources to supplement Measure I funding. The revenue maximization strategy is comprised of two elements—delivering additional State and federal transportation resources to the county and maximizing the efficient use of State and federal funds that SANBAG already has been allocated. Section III.B.1.a provides SANBAG's legislative advocacy approach to delivering more State and federal resources to the agency. Section III.B.1.b and III.B.1.c examine opportunities for SANBAG to maximize the efficient use of the State and federal funding already allocated.

III.B.1.a. Legislative Advocacy

Annually, the SANBAG Board adopts a legislative advocacy plan to clearly articulate the agency's needs and intergovernmental strategies. The SANBAG advocacy plan includes a set of strategies to communicate SANBAG priorities, to inform members of the Legislature and Congress, and to collaborate with stakeholders with the purpose of advancing the agency's goals. SANBAG's legislative advocacy involves three groups of participants—the SANBAG Board of Directors, SANBAG staff, and lobbyists.

As part of the strategy, SANBAG engages members of the Board of Directors to advocate at the State and federal level. Advocacy may involve initiating or taking positions on legislation and federal/State rule-making, or supporting specific projects. The SANBAG advocacy plan draws on the strengths of the SANBAG Board. The intent of this advocacy plan is to harness the professional relationships and skills of each Board member. The existing SANBAG structure provides opportunities for each member agency to participate in the decision-making process and to confer on the programs that impact San Bernardino County.

SANBAG staff's role in State and federal advocacy is focused primarily on identification and analysis of policy positions to support the SANBAG Board of Directors' policy determinations and advocacy efforts. As such, SANBAG staff is integrally involved in reviewing, analyzing, and crafting recommended policy positions on proposed legislation and in developing materials needed by the Board of Directors to inform their decisions on matters related to San Bernardino County transportation needs.

Finally, SANBAG employs both State and federal advocates to assist its legislative advocacy efforts. The responsibility of the State and federal advocates is to act as a conduit between the agency and Sacramento and Washington D.C. They use the legislative advocacy plan to gauge SANBAG priorities and identify pending legislation or issues that could impact the agency and communicate this information to SANBAG. The State and federal lobbyists also facilitate SANBAG's direct lobbying efforts. They use their contacts within the State and federal governments to provide access to policy makers who can assist the agency's advocacy efforts. Finally, the State and federal advocates assist on development of a legislative advocacy plan that is appropriate and realistic based on their knowledge of the political climate at both the State and federal levels.

The advocacy plan, and the priorities embodied within it, may change from year to year. However, principles that are considered from year-to-year in crafting the advocacy plan include:

- Work with stakeholders and elected officials in Sacramento and Washington to apprise them of the County's transportation infrastructure needs and the importance of the County's transportation system to the State and national economies.
- Support legislation and rule-making that will result in greater stability of transportation revenue streams.
- Support legislation and rule-making that simplify transportation project development and reduce its costs.
- Support legislation and rule-making that allow for greater flexibility in project delivery.
- Advocate for projects that are in keeping with the priorities of Measure I and the Strategic Plan.

III.B.1.b. Strategy for Maximizing SANBAG Access to Federal Funds:

The strategies discussed in this section and Section III.B.1.c are based on the current structure of State and federal transportation programs. These strategies may be revised or updated as State and federal transportation programs change.

At present, California receives approximately a 92% return of the State's contribution to the Federal Highway Trust Fund in aggregate. This translates into California receiving an annual share of federal transportation funds in the approximate amount of $3.4 billion. SANBAG has programming authority over a small amount of these funds in the form of both apportionments and allocations as described below. It is important to understand both apportionments and allocations:

- Apportionments are distributed on a formula basis by population, air basins, or lane miles and specific purposes (high priority projects). The majority of federal funds distributed to the regions are apportionments. Examples are Congestion Mitigation and Air Quality (CMAQ) funds and Regional Surface Transportation Program (RSTP) funds. Many of the apportionments have a federally-imposed four year time limitation but can be carried over from year to year within that time limitation if not spent. The state also imposes a time limitation on the use of federal funds, commonly known as "use it or lose it" provisions, to ensure that no federal funds are lost to the state.
- Allocations are distributed without a mandated distribution formula. Examples of allocated funds are those in the federal High Priority Projects Program, certain Interstate Maintenance Discretionary (IMD) funds, and other discretionary programs. Unlike apportionments, federal allocations typically have no time limitation

Apportionments to SANBAG are also subject to set limits of annual obligation authority (OA), which is defined as the amount of allowable reimbursement for federal funds expended by an agency. The OA limits the actual federal dollars that the State can receive each year, and is distributed by formula to agencies with programming authority over federal apportionments. In contrast, federal allocations usually come with their own OA at the time of distribution.

SANBAG is responsible for managing formula-based apportionments and annual obligation authority, and has adopted policies to manage CMAQ and RSTP to ensure the County fully utilizes all apportionments. The Strategic Plan includes a policy on OA management to maximize OA SANBAG receives. It is important to remember that OA determines the actual level of reimbursement that a region receives. The State cannot carry OA over from one year to another, but management of OA among Caltrans and the regional transportation agencies should make it possible to effectively "bank" OA to support periodic delivery of large, costly projects. Strategies are included in the Strategic Plan to maximize access to federal funds, such as:

- Focus on OA management for all apportionment programs. The goal is to deliver over 100% of the annual OA delivery target. OA is distributed at the beginning of each year, and once distributed, if not used within the year, states/regions lose the balance of the OA. To minimize such loss, both federal and State governments have set obligation timelines to ensure that OA is expended by the end of each fiscal year. In California, if a metropolitan planning organization (MPO) or regional transportation planning agency (RTPA) has an unexpended OA balance on June 1, the balance goes back to the statewide OA pool and is given to regions on a first come first served basis; at the federal level, if a state has an OA balance on August 1, OA will be distributed to other states on a first come first served basis. This is known as the "August redistribution." The Strategic Plan includes an OA management policy to address the risk of losing OA because of project delay and to improve project delivery to ensure that San Bernardino County delivers at 100% of OA prior to June 1 of each year. This policy requires SANBAG to establish a project delivery plan that includes specific project schedules for all projects authorized in any given year. The plan will also allow SANBAG to manage delivery schedules to have projects shelf-ready at both the State and federal levels between June and August of each year. Failure to deliver 100% OA for projects is tantamount to leaving money on the table.

- Focus on timely applications for funding from available grant programs. SANBAG maintains regular communication with FHWA and Caltrans to ensure that SANBAG is able to compete for any available transportation funds that will be awarded throughout the year. As the County's Transportation Commission, SANBAG is also a facilitator to ensure that funds allocated within the County are expended in a timely manner even when the funds are distributed to agencies other than SANBAG.
- Avoid obtaining federal earmarks for smaller-scale projects and exchange federal funds for local funds, where appropriate, to expedite project delivery and reduce project development cost.

III.B.1.c. Strategy for Maximizing SANBAG Access to State Funds:

Although the passage of Proposition 1A in 2006 provides a level of protection for gasoline sales tax funds in the State Highway Account, State transportation funding is still significantly less than what is needed to address current transportation deficiencies. To maximize the efficient use of State funding, the following strategies are utilized by SANBAG:

- Establish strategic project development partnerships with Caltrans to deliver projects in the most cost effective manner possible. For example, if Caltrans desires a Measure I Major Project to address safety or operational deficiencies in addition to the capacity improvement, Caltrans should fund the additional scope of the project.
- Focus on available State grant programs. Establish regular communications with Caltrans program coordinators to ensure that SANBAG receives timely notification of funding opportunities and has a thorough understanding of program expectations.
- Focus on accountability in delivering programs with time sensitive funding restrictions. Many programs in Proposition 1B have timeline limitations and strict amendment requirements. It is critical to deliver projects with time sensitive funding within the program guidelines to minimize the risk of losing these funds.
- Develop a pool of shelf-ready transportation projects to position SANBAG to take advantage of the opportunities in the event that additional Proposition 1B funds or funding from other State programs become available.

III.B.2. Strategy 2: Control Project and Program Cost

Delivery of transportation projects is facilitated not only by maximizing revenue, as discussed in Section III.B.1, but also by the effective management of project and program costs. Increased project costs have been significant impediments to project delivery in the past, and cost escalation continues to pose a threat to delivering the full complement of Measure I 2010-2040 projects. The Strategic Plan delineates a multi-pronged strategy for containing costs based on the following principles:

1. Each Measure I 2010-2040 program must live within the Measure I revenue projected for that program.
2. Project scopes should be tailored to create a balanced, cost-effective transportation system.
3. Programs should be structured so that both SANBAG and local jurisdictions can effectively manage cash-flows and deliver projects in a timely way.
4. Institutional processes should reinforce disciplined project management within SANBAG, Caltrans, and at the local level.
5. SANBAG should pursue legislative initiatives that encourage efficient and effective project delivery.

Each is explained further below.

1. Each Measure I 2010-2040 program must live within the Measure I revenue projected for that program.

Each Measure I program will be able to deliver projects in accordance with its revenue stream identified in the Measure I Expenditure Plan. In the Valley, year-to-year variation may be allowed in the percentage of revenue that is applied to each program, excluding the Local Streets Program, which involves direct distribution to jurisdictions. However, the total revenue that flows to each program over the life of the Measure will be as stated in the Expenditure Plan.

No Measure I 2010-2040 program should expect that its delivery will be rescued by revenue from another program. To the extent that a Measure I program is able to deliver projects cost-effectively, more revenue will be available to the program for additional projects of a similar nature. The inverse is also true. Programs unable to effectively manage costs run the risk of minimizing the number of transportation improvements that can be delivered. The expectation that each program will live within its projected revenue reinforces a discipline of cost management, with the goal of maximizing the delivery of congestion relief to the voters of San Bernardino County.

The importance of this principle is evidenced in the financial analyses conducted in 2008, which illustrated the gravity of cost and scope impacts on delivery of the entire Measure I program. The cash-flow analyses, in some cases, resulted in a rethinking of project scopes and in other cases resulted in recognition of a need for cost control measures. The Valley Freeway Program is an example of a Measure I program tailored to assure delivery within its means. In that case, project scopes were reduced and alternative financing studies were initiated. These preemptive measures were initiated to counter the impact of the significant escalation in project cost experienced between 2004 and 2006.

The principle of each program living within its means has also helped shape the framework for controlling obligations of funds from the new Measure. Examples include the development of the Valley Freeway Interchange prioritization methodology, which directs funding to the most cost-beneficial interchange improvements first. Additionally, the Valley Major Street Program has instituted an equitable share process. The process guarantees each jurisdiction a set percentage allocation of Major Street funds. The structure of the program ensures that cost overruns incurred by one jurisdiction do not limit the ability of another jurisdiction to deliver its projects. At the same time, the program enables cost conscious jurisdictions to maximize the number of projects delivered by managing project scope and cost.

2. Project scopes should be tailored to create a balanced, cost-effective transportation system

The transportation system functions well when the system is balanced in terms of routes, modes, and traffic flows. Improvements to the transportation system should be designed to reduce overall delay, not merely shift the location of bottlenecks. It is inefficient and even wasteful to build more capacity than necessary in one part of the system and leave other parts of the system highly constrained. This includes consideration of projects under development in adjacent counties. A capacity increase in San Bernardino County may have limited benefit if a nearby bottleneck in an adjacent county is not addressed. Consequently, SANBAG engages neighboring agencies in a regional transportation planning dialogue that seeks to develop and maintain a regionally balanced transportation system.

The Caltrans Highway Design Manual states that "the design standards used for any project should equal or exceed the minimum given in the Manual to the maximum extent feasible, taking into account costs (initial and life-cycle), traffic volumes, traffic and safety benefits, right of way, socio-economic and environmental impacts, maintenance, etc." Accordingly, multiple factors must be considered to ensure that the public's tax dollars yield the greatest benefit in operations and safety of our facilities. SANBAG, Caltrans, and local jurisdictions must work closely to invest those dollars in an optimal way. Individual project decisions must therefore consider the overall objectives and financial constraints of the Strategic Plan. The programs contained in this version of the Strategic Plan have anticipated the currently known objectives and financial constraints. However, as financial, physical, and technological conditions evolve, the Strategic Plan will need to address these through Strategic Plan updates and individual project decisions. Options for design exceptions on a project-by-project basis should be discussed. Each decision should be made in light of operational and safety issues as well as balancing project scopes system-wide.

3. Management of cash flow to maximize delivery of shelf ready projects.

Each Measure I program will benefit by delivery of projects as soon as possible, both because the benefits of the project are made available at the earliest time, and because project delays commonly result in increased project costs. In the Valley subarea, for example, the fund allocation process (i.e. consisting of needs assessment, apportionment, and allocation) is designed to deliver projects that are shelf-ready, irrespective of program, with protections for program equity over the life of the Measure. Making these provisions operational requires attention to detail on the part of both SANBAG and local jurisdictions so that project delivery is promoted without compromising the integrity of each program and fairness to each member jurisdiction. In addition, SANBAG assistance may be needed to facilitate local jurisdiction project development efforts and navigation of the complex federal, State, and regional regulatory framework to maintain a set of shelf-ready projects. Section III.B.4 discusses the ways in which the project delivery process can be made most efficient and effective.

4. Institutional processes should reinforce disciplined project management within SANBAG, Caltrans, and at the local level.

Cost containment rests on effective project management. SANBAG and Caltrans manage Measure I projects that are larger and regional in nature, such as freeway mainline projects. The two agencies must partner on all Measure I projects on State highways to ensure disciplined project management and accountability for effective project delivery. Local jurisdictions manage arterial street projects. Freeway interchanges and railroad grade separation projects are managed by either local jurisdictions or SANBAG, depending on factors described in Sections IV.B.5 and IV.B.6.

Disciplined management from project development through construction is essential to effective cost containment. SANBAG monitors and provides advisory assistance to locally managed interchange and grade separation projects, , both through participation on Project Development Teams and through inter-agency consultation. Advisory assistance can be provided on project development/environmental decisions, modeling and traffic operational analysis, conceptual design, value analysis, and selection of a preferred alternative. SANBAG may participate on large arterial projects at the invitation of a local jurisdiction.

Finally, SANBAG will initiate a program control system designed to link planning, programming, project delivery and project expenditures together in one database. The structured database allows project managers to make informed decisions that can improve project delivery. A program control system also allows effective and consistent communication on project development and funding so that the agency is able to consistently convey the same message to partner agencies, minimizing any confusion during project and program implementation.

5. SANBAG should pursue legislative initiatives that encourage efficient and effective project delivery.

Much can be done within the authority of existing legislation to facilitate project delivery and thereby contain program costs. In some cases, however, legislation is needed to allow for more effective ways of delivering projects. SANBAG's advocacy plans identify legislative initiatives that SANBAG believes to be a priority to deliver Measure I projects most effectively, as described in Section III.B.1.a.

III.B.3. Strategy 3: Accelerate Project Delivery Through Borrowing, Where Appropriate

One of the overarching principles listed in Section III.A is "utilize debt financing when and where appropriate." The principal reason for considering borrowing against any of SANBAG's Measure I revenue streams is to accelerate project delivery. Possible reasons to consider debt financing include:

- Results in earlier implementation of projects, increasing benefit to the public. The public accrues direct benefit through earlier project completion.
- Allows for access to State or federal funding sources that would otherwise be unavailable. For example, the opportunity to compete for Proposition 1B Trade Corridors Improvement Funds (TCIF) became available in FY 2007/2008. However, projects must be in construction by 2013 to be eligible. The benefit of access to TCIF funds will require borrowing against Measure I 2010-2040 to meet this project delivery timeline, but the benefits of access to this additional $239 million in State funds was viewed to be worth the anticipated borrowing costs. Other such opportunities may arise.
- Provides a hedge against project cost increases. The transportation project costs dramatically increased from 2004 through 2006. Should periods of rapid cost escalation occur in the future, accelerating project delivery through borrowing could be a way of limiting the impact of that escalation on SANBAG's ability to deliver projects. Unfortunately, periods of higher escalation are not readily predictable, and periods of de-escalation also occur. Therefore, there is a risk that the borrowing strategy could represent a greater cost than anticipated. Historically, cost escalation has been at the level of 5% annually. To the extent that interest rates are on par with cost escalation, the costs of borrowing are limited, and the public derives a benefit from delivering the projects earlier.

Borrowing also presents some potential disadvantages:

- Bonding will result in a decrease in the revenue stream available for other projects.
- Bonding comes with a set of overhead costs associated with arranging and managing the issuance of bonds. The magnitude of those costs varies with the size of the bond issue. The costs as a percentage of the bond issue typically declines as the size of the bond issue increases.
- Borrowing can be ineffective and costly if not timed carefully with the project expenditures being supported by the borrowing.

In light of the advantages and disadvantages cited above, borrowing against Measure I 2010-2040 revenue streams shall be guided by the following general principles:

- Clear advantages of borrowing must be demonstrated to the delivery of specific projects if SANBAG is to bond against future Measure I revenue streams. Bond financing may be appropriate:
    - When the scope and timing of the planned expenditures makes pay-as-you-go financing unfeasible (ref. Public Utilities Code 180200)
    - Where an opportunity exists to leverage significant levels of State, federal, or private funding that would otherwise be unavailable if borrowing were not to occur
    - Where seed money is needed to support development or construction of a facility financed with tolls or other fee-based revenue sources.
- Utilize cash-flow borrowing among Measure I programs to limit the need for bonding against Measure I revenues, where possible, while ensuring that each program receives its share of Measure I revenue as specified in the Expenditure Plan.
- Each Measure I program must be able to support debt service for its projects with the revenue stream forecast to be available to that program. The SANBAG Board may allow exceptions to this principle when significant potential benefits exist to the delivery of Measure I projects.
- Bond issues should be pooled across programs, where possible, to limit the overhead costs associated with borrowing. The costs of bond issuance and debt service associated with a pooled bond issue shall be distributed across the Measure I programs proportional to the use of the borrowed funds by each program.
- Borrowing should occur so as to limit the time between bond receipts and the expenditure of bond funds. Strong evidence of project-readiness must be presented for SANBAG to commit Measure I revenue streams to bonding against specific projects.

III.B.4. Strategy 4: Remove Obstacles to Timely Project Development

SANBAG must seek to expedite project delivery both at the program level, to ensure timely use of all fund sources, and at the project level to ensure the agency delivers on transportation project commitments. The program-level approach focuses on the overall transportation benefit to SANBAG, Caltrans, and local jurisdiction partners and their collective ability to maximize state and federal funding opportunity as well as advance local project delivery. The agencies should also focus on strategies that can generate shelf-ready projects.

Program-Level Strategies:

- Use non-federal funds during environmental and design phases when possible. Using non-federal funding during these phases minimizes the time impact and the cost associated with participating in the federal aid process. This does not eliminate the need to obtain federal environmental clearance for projects that will use federal funds for construction.
- Limit the use of federal funds on large-scale freeway or interchange projects for which National Environmental Policy Act (NEPA) clearance is already required. Collaborate among jurisdictions in receipt of federal dollars to trade the federal funds with local

Measure I funds, when and where possible. Such a strategy can expedite local arterial projects because these can be processed through CEQA and avoid the federal environmental process, saving time and cost.

- Improve the federal project delivery rate to reach 100% prior to June 1 of each year. Such a strategy will cut the risk for SANBAG and its local partners from becoming "donor" agencies under the current obligation authority (OA) policy and allowing the region to deliver shelf-ready projects under the first-come first-served rule. Such a strategy will also eliminate the risk of SANBAG losing annual OA as outlined in AB 1012. Federal funds and State funds usually are apportioned on an annual basis. The current OA policy by Caltrans allows the agencies to borrow/loan OA to other agencies within three years of the Federal STIP. When the agencies have shelf-ready projects by June 1 of the current year, the agency can deliver more than their annual share of OA on a first-come first-served basis. It is SANBAG's goal to obtain 100% delivery status prior to June of each year to maximize the county's delivery opportunity.
- Establish short-range programmatic delivery plans for each Measure I program that can manage and track the performance of the programs. Periodic review of the short-range programmatic delivery plans would allow staff and policy makers to review the successes and failures of each program and revise the program accordingly. The goal of the short-range programmatic delivery plans is to maximize the project delivery of each Measure I program.
- A comprehensive program management database will be established to allow decision makers to have fast access to project data to make informed program-level decisions at any given time. The database should include all projects receiving federal, State and Measure I funds.

Project-Level Strategies

Project-level strategies should streamline project development and fully implement effective project management concepts to proactively manage each phase and task of a project. Successful project delivery involves a good planning document, a well defined scope and a project schedule that is supported by major decision makers. Streamlined project delivery usually involves a strategic collaboration among project decision makers and the management of project risks by the Project Manager through the Project Development Team.

Strategies for Expediting Project Development:

- Select the most qualified Project Managers for high priority projects.
- Collaborate among major decision makers and involve them in the process as early as possible.
- Utilize MOUs or Project Charters to reach consensus among major project decision makers as early as possible. Such documents should also address project deliverables, schedule, scope and a dispute resolution process.
- Set strict limits on changing decisions once made.
- Provide assistance to local jurisdiction staff on forms and procedures required as part of the Caltrans project development process.

- Provide pre-submittal reviews by SANBAG staff prior to major local jurisdiction submittals to Caltrans, if requested by the local jurisdiction.
- Whenever possible, perform concurrent process/project review throughout project development.
- Implement "risk design" approach when appropriate.
- Encourage efficient environmental clearance by coordinating with State and federal resource agencies
- Utilize risk management to minimize potential schedule delays and cost increases where appropriate.
- Increase proactive communication among all agencies involved with the project.
- Develop staff level partnerships among agencies, such as holding periodic partnership meetings with project reviewers to share lessons learned and to increase productivity.
- Apply innovative solutions at all levels that could accelerate project delivery, including contracting innovations when appropriate.

It is a SANBAG goal to facilitate local project delivery, not just SANBAG's own projects. Expeditious project delivery will put Measure I dollars to work faster and will result in economies that allow Measure dollars to deliver more projects.

IV. Measure I Subarea Programs

Section IV presents the details of the programs for each Measure I 2010-2040 subarea. The programs are discussed in the following order:

- Cajon Pass Expenditure Plan
- Valley Subarea
  - Valley Apportionment, Allocation and Expenditure Process
  - Valley Project Advancement/Advance Expenditure Process
  - Local Street Program
  - Freeway Program
  - Freeway Interchange Program
  - Major Street Program
  - Metrolink/Rail Program
  - Express Bus/Bus Rapid Transit Program
  - Senior and Disabled Transit Program
  - Traffic Management Systems Program
- Victor Valley Subarea
  - Local Street Program
  - Major/Local Highways Program
  - Senior and Disabled Transit Program
  - Project Development and Traffic Management Systems Program
- Rural Mountain/Desert Subareas
  - Local Street Program
  - Major/Local Highways Program
  - Senior and Disabled Transit Program
  - Project Development and Traffic Management Systems Program

The following are presented for each program:

- Scope of the program
- Financial analysis of the program
- Program policies
- Implementation actions

The discussion of program scope provides an overview of the operation of each program. The program policies represent the specific rules and procedures by which the program will operate. The policies for all programs are presented together in Part 2 of the Strategic Plan so that they can be easily referenced, but the policy discussion is integral to the description of each program. Implementation actions identify the activities that need to be undertaken once the Strategic Plan is approved. The discussion of each program begins on a new page to make it easier for the reader to find the starting point for each program.

IV.A. Cajon Pass Expenditure Plan

IV.A.1. Scope of the Program

The Measure I Ordinance approved by the voters in 2004 includes contributions from both the San Bernardino Valley and Victor Valley Subareas to fund an Expenditure Plan for the Cajon Pass. The Cajon Pass Expenditure Plan is funded by 3% of the revenue generated in the Valley and Victor Valley Subareas. The 3% is reserved in advance of other allocations specified in the Measure I Expenditure Plan in an account for funding of highway projects in the Cajon Pass. The Cajon Pass Expenditure Plan is jointly funded by the Valley and Victor Valley Subareas because the Pass serves as the major transportation corridor connecting the two urbanized areas within San Bernardino County. Improvements listed in the Cajon Pass Expenditure Plan include the I-15/I-215 Interchange in Devore, I-15 widening through Cajon Pass, and truck lane development.

The groundwork for improvements in the Cajon Pass was laid in the I-15 Comprehensive Corridor Study, completed in December 2005. The SANBAG Board approved the study recommendations in February, 2006. The Board endorsed two alternatives for further consideration: dedicated truck lanes and reversible managed lanes. Further consideration of the dedicated truck lanes was also dependent on the outcome of the analysis of regional dedicated truck lanes in the Multi-County Goods Movement Action Plan, but the need for and feasibility of regional dedicated truck lanes remains unresolved at this time. Improvement of the I-15/I-215 (Devore) interchange was identified by the Board as the highest priority for the I-15 corridor.

In early 2007, SANBAG and Caltrans were faced with needing to give local jurisdictions guidance regarding the mainline cross-sections that should be assumed for several I-15 local-access interchanges that were in project development. In April 2007, the SANBAG Board adopted the reversible managed lane alternative for purposes of near-term project development guidance for interchanges along Interstate 15. Reasons for this decision were documented in the April 2007 Board agenda item. If dedicated truck lanes are later determined to be financially feasible, the lead agency(ies) developing that project will need to determine how to integrate the truck lanes into the I-15 cross-section that will exist at that time for each of the I-15 interchanges.

The Valley Freeway Program portion of the Strategic Plan (see Section IV.B.4) calls for the addition of two High Occupancy/Toll (HOT) lanes in each direction between the Riverside County line and I-215. The Valley Freeway Program HOT lanes will connect to the Riverside County HOT lanes currently in project development to the south and the reversible managed lanes adopted as the cross-section within the Cajon Pass to the north. The ultimate configuration of the tolled lanes will be determined as part of the Alternative Financing Study scheduled for completion in late 2009.

An Alternative Financing Study was initiated by SANBAG in 2008 to evaluate the feasibility of HOT lanes on several freeways in San Bernardino Count. The following option is being evaluated for I-15 between SR-210 and SR-395:

- Two reversible HOT lanes from SR-210 to I-215 (part of the Valley program)
- Three reversible HOT lanes from I-215 to SR-138
- Two reversible HOT lanes from SR-138 to SR-395

An assessment of the revenue generation potential of these sections and development of a financing strategy will be complete in mid-to-late 2009. The I-15/I-215 interchange is being redesigned allowing ample room in the center median for both the reversible configurations as well as potential dedicated truck lanes or other HOT lane cross-sections. Based on revenue forecast to be available to the Cajon Pass Expenditure Plan, future mainline widening projects in the Cajon Pass will be almost entirely dependent on user-financed scenarios or a large infusion of additional State and federal funds. Any additional Measure resources beyond the Devore Interchange will be funds anticipated to leverage additional federal, State and private funding in the corridor. SANBAG needs to continue engaging key stakeholders in California, Nevada and the federal government to articulate the Cajon Pass' vital role as a trade and recreation corridor.

IV.A.2. Financial Analysis

The Measure I Expenditure Plan commits 3% of the revenue generated in the Valley and Victor Valley subareas to the Cajon Pass. This is estimated as 2.8 percent of total Valley Measure I revenue or approximately $200 million in 2008 dollars. The greatest challenge for developing a financially feasible program was the large increase in construction costs that occurred between 2004 and 2006, an increase of over 80 percent during that period. Currently, construction costs have stabilized and are following more historical trends.

The cost for I-15 widening in the Cajon Pass was estimated at approximately $270 million in 2006, but this included only an HOV lane in each direction, not the reversible HOT lane concept. Cost estimates for the HOT lane configuration will be provided through the Alternative Financing Study but are expected to be considerably higher. The operating costs of toll collection and enforcement will also be added.

Costs for the I-15/I-215 interchange reconstruction were estimated at approximately $200 million in the 2006 SANBAG cost update. However, this update was performed prior to the more detailed conceptual engineering conducted for the interchange Project Study Report in 2008. Costs for the interchange now range up to $368 million. The interchange has been designated to receive $118 million in Proposition 1B Trade Corridor Improvement Funds (TCIF), the receipt of which requires start of construction by 2013. Although the preferred alternative for the interchange has not been determined, the range of costs for alternatives under consideration is at a level that will commit the entire Cajon Pass Measure I revenue stream. In addition, the Cajon Pass revenue stream is not sufficient, in itself, to support bonding at the level to begin project construction by 2013. Bonding capacity from both the Valley and Victor Valley Subareas may be required, in addition to that of the Cajon Pass Program, to ensure delivery of the Devore interchange project on schedule.

The Devore interchange is a candidate for additional State and federal funds, in addition to the TCIF funds already received. In addition, financial participation on I-15 projects by the State of

Nevada has occurred in the past and this possibility exists for I-15 projects in the future as well. However, no commitments of State and federal funds have been assumed for the Devore interchange project other than the TCIF funds. An infusion of additional State/federal funding would allow for Measure I dollars to be used as seed money for HOT lanes on the I-15 mainline in the Cajon Pass.

Based on the assessment of the future revenue stream, and SANBAG's commitment to construction of the I-15/I-215 interchange, it is expected that nearly 100 percent of the construction and operating cost of the HOT lanes in the Cajon Pass would need to be toll funded. If the Alternative Financing Study indicates that less than 100 percent of the needed revenue may be generated by tolls, additional outside funding will need to be sought to arrive at a financially feasible solution.

IV.A.3. Expenditure Plan Policies

The policies for the Cajon Pass Expenditure Plan are provided in Part 2 of the Strategic Plan.

IV.A.4. Implementation Actions

The following actions need to be taken to implement the projects in the Cajon Pass Expenditure Plan:

- For the I-15/I-215 interchange, complete scoping documents (Project Study Report), Project Approval and Environmental Documents (PA&ED), right-of-way acquisition, and final design so that construction may begin by the end of calendar year 2013. Obtain Caltrans and FHWA approval of the documents, as needed.
- For I-15 widening, establish the extent to which toll financing will pay for construction and operation of the proposed Cajon Pass HOT lanes through the Alternative Financing Study. Seek additional outside funding, and scope the improvements to match the revenue stream that is projected to be available.
- Upgrade the project control system to track the project schedules, budget, and scope. Integrate the system with the SANBAG financial system.

IV.B. San Bernardino Valley Programs

IV.B.1. San Bernardino Valley Apportionment, Allocation and Expenditure Process

IV.B.1.a. Overview of the Process

This section provides an overview of the process for conveyance of Measure I 2010-2040 funds to the programs of the San Bernardino Valley Subarea as identified in the Measure I Expenditure Plan. The process entails four steps, including the identification of needs, fund apportionment, fund allocation and fund expenditure. Figure 4-1 provides additional information on the four-step process, and more specific details are included in Section IV.B.1.2.

Figure IV-1:
Valley Subarea Process Overview

Identification of Needs – Local jurisdictions and SANBAG provide information on the potential call on Measure I revenue from each of the Valley Programs. Step 1 is to be complete by September 30 of each year.

⇩

Fund Apportionment – SANBAG Board directs funding to a Measure I 2010-2040 San Bernardino Valley Program. Step 2 is to be complete by the February Board meeting each year.

⇩

Fund Allocation – SANBAG Board assignment of apportioned funds to projects funded by a San Bernardino Valley Program. Step 3 is to be complete by the March Board meeting each year.

⇩

Fund Expenditure – SANBAG and local jurisdictions expend Measure I 2010-2040 funds on specific projects. Step 4 is on-going throughout the fiscal year.

IV.B.1.b. Four Step Process

Step 1: Identification of Needs

The first step in the administration of all Measure I 2010-2040 Valley programs is the annual identification of the projected cash demand for each program and estimation of the revenue expected to be available from all sources that may contribute to project or program funding. The principal tool that is used to determine project and program funding needs is the Capital Projects Needs Analysis (CPNA).

Capital Projects Needs Analysis: By September 30 of each year, SANBAG and local jurisdictions submit a five-year CPNA for each program contained in the San Bernardino Valley Expenditure Plan. The CPNAs cover a five year prospective period that commences the following State fiscal year. The needs analysis documents project or program need by fiscal year and includes anticipated funding sources, funding amounts and project phasing where appropriate. The needs analysis also demonstrates the availability of the development mitigation fair share funds for the Valley Freeway Interchange and Valley Major Street Programs. Approval of a jurisdiction's CPNA by the City Council/Board of Supervisors is required prior to the September 30 submittal date.

To facilitate the preparation of CPNAs, SANBAG staff provides preliminary revenue projections for all public share dollars considered in the San Bernardino Valley Expenditure Plan. The revenue projections include Measure I, State, and federal funds over which SANBAG has administrative authority and are provided to local jurisdictions at the same time the request for CPNAs is distributed. Distribution of the request for CPNAs occurs by July 1 of each year, and preparation of CPNAs proceeds at the same time as local jurisdiction preparation of the Development Mitigation Annual Report for the Valley Major Street Program and the Valley Freeway Interchange Program and preparation of the five-year Capital Improvement Plan required as part of the Valley Local Street Program. During preparation of the annual cash flow analysis, SANBAG staff reconciles development mitigation information contained in the CPNAs with the development mitigation annual reports. Any expected intra-jurisdictional loans to development mitigation accounts should be identified to assist in this reconciliation process.

Parties Responsible for Preparation of CPNAs: SANBAG staff prepares CPNAs to document project readiness and funding information for the Freeway, Metrolink/Rail, Express Bus/Bus Rapid Transit, Senior and Disabled Transit and Traffic Management Systems programs, all of which are programs administered by SANBAG. Local jurisdiction staff prepares CPNAs documenting project readiness information and funding information for projects included in the Valley Major Street and Valley Freeway Interchange Programs because these programs may be locally administered. The information that is provided for the Major Street Program by local jurisdictions is used as the basis for the adoption of a five-year capital program by the SANBAG Board, as required by the Measure I 2010-2040 Expenditure Plan. For additional information on the Valley Major Street Program and the CPNA process, refer to Section IV.B.6 of the Strategic Plan.

Step 2: Fund Apportionment

The second step in the administration of the Valley Measure I 2010-2040 Program is the annual apportionment of Measure I, State and federal revenue to each Valley Program by the SANBAG Board. The fund apportionment process has two components, the preparation of an annual cash flow analysis and the preparation of a fund apportionment recommendation.

Cash Flow Analysis: Annually, SANBAG prepares a cash flow analysis that compares projected revenues and expenses for all Measure I 2010-2040 Valley Programs to inform the SANBAG Board during the fund apportionment process. The cash flow analysis includes the information contained in the CPNAs prepared for each Valley Measure I program and projected funding sources anticipated to be available within a five year planning horizon. All projected State, federal and private funds are included in the annual cash flow analysis. The State and federal funds included in the cash flow analysis are directed to Measure I programs in accordance with the State and federal funding policies contained in the Valley Program Process Overview policies.

The goal of the cash flow analysis is to match revenue projections and program cash demands over the five year period, with the emphasis placed on the first year of the five year planning horizon. For situations where cash demand exceeds revenue projections, the cash flow analysis will serve as the basis for evaluation of agency bonding needs.

Apportionment Recommendation: The SANBAG Board retains the full discretion over the apportionment of Measure I 2010-2040 revenue between San Bernardino Valley Programs to maximize project delivery and to pursue public policy objectives. Therefore, on a year-by-year basis individual programs may not receive the percentage share of Measure I revenue identified in the San Bernardino Valley Expenditure Plan. However, over the life of the Measure, the apportionment process ensures that all programs are funded in amounts consistent with the provisions of Measure I 2010-2040. The assurance is provided by monitoring program expenditures and making adjustments based on the time-value of money. The time-value of money calculation guarantees that programs with heavy draws on cash in the early years of the Measure will not be advantaged over programs with cash demands later in the Measure.

The information contained in the cash flow analysis contains the information used as the basis for SANBAG staff's apportionment recommendation. The apportionment recommendation begins with a presentation of a draft recommendation to policy committees for review by December each year. At a minimum, the cash flow analysis and apportionment recommendation contains the following considerations:

- All Measure I 2010-2040 San Bernardino Valley Program needs
- Project Advancement and Advance Expenditure Agreements
- Bond or other debt service obligations
- Revenue committed to projects or programs in previous apportionment cycles
- Ability to leverage additional State, federal and private funding sources

The SANBAG Board approves the fund apportionment for the Valley programs by February of each year. Approval of the fund apportionment by February is necessary to ensure the timely preparation and delivery of the annual SANBAG Budget, which is based in part on the annual fund apportionment decision. In addition, local jurisdictions need this information for their own budgeting purposes.

Step 3: Fund Allocation

The third step in the administration of the Valley Measure I 2010-2040 Program is the allocation of funding to projects within the separate Measure I programs. Either concurrently with the fund apportionment approval or no later than March of each year, the Board approves the list of projects to be funded with the apportioned amounts of Measure I revenue provided to the program. The fund apportionment process sizes the recommended apportionment amounts based on actual projects contained in the CPNAs. To the extent that all of the projects submitted for funding in the CPNAs can be allocated funding, the fund apportionment and the fund allocation decisions occur concurrently. If the fund apportionment decision made by the SANBAG Board cannot fund all projects submitted in the CPNAs, SANBAG staff and local jurisdiction staff work to develop a project list that is financially constrained within the apportioned amounts of funding. The project list approved by the Board each year serves as the fund allocation decision and constitutes the agency's annual project delivery plan.

Local jurisdictions that wish to deliver projects in excess of the resources allocated to the jurisdiction in the fund allocation decision may deliver projects in accordance with the provisions in the Advance Expenditure Process contained in Section IV.B.2. The Measure I funds allocated to Measure I projects are used in Step 4 to prepare agreements with local jurisdictions and to incorporate within the SANBAG Budget, with both sets of documents governing the expenditure of Measure I funds.

Step 4: Expenditure

The fourth step in the Measure I 2010-2040 Valley Program process is the expenditure of funds. The expenditure of funds does not occur until the SANBAG Board has apportioned funds and allocated funds to programs and projects as outlined in steps 1 through 3 above. The expenditure of Measure I funds is different for the SANBAG and local jurisdiction programs. Each approach to the expenditure of Measure I funds is discussed in greater detail below.

SANBAG Programs: Expenditure of funds occurs following the adoption of the annual SANBAG Budget. Following the approval of budgetary authority to expend Measure I funds on specific projects, each project is required to complete the procurement process. Standard approvals by the SANBAG Board are for expenditure of funding by a SANBAG managed Valley Measure I program.

Local Jurisdiction Programs: Two types of agreements between SANBAG and local jurisdictions are required to be executed before the reimbursable expenditure of funds can occur. For project specific expenditure of funds, such as interchange or rail/highway grade separation projects, local jurisdictions and SANBAG execute Project Funding Agreements. For the Major Street Program, local jurisdictions and SANBAG execute a Jurisdiction Master Agreement. Each type of agreement is discussed in greater detail below.

- ***Project Funding Agreement:*** The Project Funding Agreement is a cooperative agreement between SANBAG and the agency sponsoring an interchange or a rail/highway grade separation project. The Project Funding Agreement establishes roles, responsibilities and financial commitments for each agency involved in the agreement. One agreement is executed between SANBAG and the sponsoring agency for the entire interchange or grade separation project. Each agreement contains the scope, public share commitment and development mitigation commitment for the phase of the project in receipt of an allocation of funding. As future phases of the project are awarded public share funding, the agreement is amended to specify project scope, public share and development mitigation commitments. Both the City Council/Board of Supervisors representing the sponsoring agency and SANBAG must approve the Project Funding Agreement and each subsequent amendment.

For projects with multiple local jurisdictions involved, the sponsoring agency is required to provide a copy of a fully executed Development Mitigation Cooperative Agreement to be included with the Project Funding Agreement. The Development Mitigation Cooperative Agreement provides guarantees by the lead agency prior to any expenditure of Measure I funds on a project that the requisite amount of development mitigation is available from all contributing agencies as outlined in the Nexus Study. Each City Council/Board of Supervisors representing a contributing agency will be required to participate in the Development Mitigation Cooperative Agreement prior to the approval of the Project Funding Agreement. SANBAG staff may be requested to assist sponsoring agencies in discussions with other participating local jurisdictions over development contributions.

- ***Jurisdiction Master Agreement:*** The Jurisdiction Master Agreement is a cooperative agreement between SANBAG and each local agency receiving Valley Major Street Funds. The agreement establishes roles, responsibilities and financial commitments. The agreement contains the projects and the project limits eligible for expenditure of funding during the fiscal year. The agreement also establishes the available reserved and unreserved Major Street Program share amounts a jurisdiction can expend during the fiscal year. For additional information on the Major Street Program and provisions on the reserved and unreserved shares refer to Section IV.B.6 Jurisdictions that wish to exceed the amounts contained in the Jurisdiction Master Agreement may expend additional funding on Nexus Study projects subject to the provisions governing the Advance Expenditure Process contained in IV.B.2. Each year, the Jurisdiction Master Agreement is amended to provide updated projects and funding allocations to a jurisdiction under the Major Street Program. Both the City Council/Board of Supervisors representing the sponsoring agency and SANBAG must approve the Jurisdiction Master Agreement and each subsequent amendment to the updated project information contained in the agreement.

Following execution of a Project Funding Agreement or the Jurisdiction Master Agreement by SANBAG and local jurisdiction City Council/Board of Supervisors, local jurisdictions may begin the expenditure of Measure I funds. The allocated amounts of funding are expended on projects in accordance with the provisions specified in the executed agreement(s). Both the Valley Freeway Interchange and Valley Major Street Programs are administered as cost reimbursement programs. Reimbursements by SANBAG occur for projects up to the public share amount identified in the Project Funding and Jurisdiction Master Agreements. Amounts of public share submitted for reimbursement in excess of the amount identified in the allocation agreements may be eligible for reimbursement through the Advance Expenditure process contained in Section IV.B.2 subject to Board approval. Reimbursement will not occur for increased or expanded scope of work or for projects not contained in the funding agreements.

For cases in which SANBAG manages an interchange or grade separation project for a local jurisdiction, a separate cooperative agreement is executed between SANBAG and the jurisdiction delineating the terms and conditions of that management structure. Typically, a separate Project Funding Agreement is executed addressing only the funding side of the arrangement, given that the jurisdiction's project is receiving an allocation of Measure I funding. However, the development share is conveyed to SANBAG in this case, and the Funding Agreement must address the terms of this arrangement.

IV.B.1.c. Valley-wide Program Policies

Policies that implement the overall program framework are listed together with other Measure I 2010-2040 policies in Part 2 of the Strategic Plan. Policies pertaining to the entire Valley are presented first, followed by policies for individual programs.

IV.B.1.d. Implementation Actions

- Further develop the Capital Projects Needs Analysis process
- Develop the Model Project Funding Agreement
- Develop the Model Jurisdiction Master Agreement
- Develop the Development Mitigation Cooperative Agreement
- Develop the revenue and expenditure tracking systems required to monitor the expenditure of Measure I funds and to manage the annual cash-flow analysis

IV.B.2. Valley Project Advancement/Advance Expenditure Process

Both the Project Advancement (PA) and Advance Expenditure (AE) processes provide the ability for local jurisdictions to deliver projects prior to the availability of Measure I 2010-2040 revenue, with provisions for reimbursement or credit for public share costs at a later time. To be eligible, projects must be contained in either the Measure I 2010-2040 Expenditure Plan or the SANBAG Nexus Study. The Project Advancement Process was designed to bridge the funding gap between passage of Measure I 2010-2040 and the commencement of revenue flow. The process was structured to enable project delivery while limiting the impact on Measure I 2010-2040 in the absence of a Strategic Plan. Advance Expenditure differs from the Project Advancement process in that the Advance Expenditure process operates concurrent with the flow of Measure I 2010-2040 revenue.

IV.B.2.a. Project Advancement Process

Following the passage of Measure I 2010-2040 in November 2004, several member agencies indicated a desire to advance shelf-ready or near-shelf-ready freeway interchange, overcrossing, or arterial projects consistent with the new Expenditure Plan. After considerable deliberation, in December 2005 the SANBAG Board approved a strategy to advance SANBAG Nexus Study interchange, arterial, and grade separation projects to construction with local funds prior to 2010, with provision for reimbursement of the public share of the cost from the applicable Measure I 2010-2040 program at a time to be determined through the Strategic Plan. The Board also limited reimbursement funding to no more than 40 percent of the revenue apportioned to the applicable Measure I program so as to retain some funding for new projects. A model interagency Project Advancement Agreement (PAA) was approved by the Board in April 2006.

Following approval of the model interagency PAA by the SANBAG Board, Valley jurisdictions were permitted to enter into PAAs with SANBAG. By October 2008, the Board of Directors had approved PAAs for three interchanges totaling $29 million, fifteen arterials totaling $56 million, and one grade separation totaling $14 million in the San Bernardino Valley subarea. Based on the currently approved PAAs, SANBAG staff estimates that repayment of the agreements at the 40 percent level will require 5 years for the Measure I Valley Freeway Interchange Program and 6 years for the Valley Major Street Program after the inception of revenue collection for Measure I 2010-2040 in April 2010. At the same time, the SANBAG Board amended the PA provisions to extend the period in which jurisdictions could execute Project Advancement Agreements for Nexus Study projects to January 31, 2009, to clarify that reimbursement will occur in order of expenditure, and to establish April 5, 2006 as the earliest date of expenditures eligible for reimbursement. Any additional projects approved as part of the Project Advancement process will extend the period of repayment beyond the estimates provided in this section.

The Valley PA process is administered as a reimbursement process. Eligible expenses under the PAA process include any phase of a project included in the Nexus Study. Agencies are reimbursed the public share of the project cost included in the Nexus Study or the public share of the actual project cost, whichever is less. Reimbursement of executed PAAs begins the second quarter following the commencement of Measure I 2010-2040 revenue receipts. SANBAG funds reimbursement of PAAs at the maximum 40 percent rate identified in the PAA. The 40 percent reimbursement rate is calculated individually for both the Valley Freeway Interchange Program and the Valley Major Street Program.

PAA repayment disbursements occurs quarterly in order of the date of expenditure as documented by consultant and contractor invoices reflecting actual project expenditures. Expenditures incurred prior to April 5, 2006, the date when the model agreement for the Project Advancement process was adopted by the SANBAG Board of Directors, are not reimbursed. Jurisdictions must submit to SANBAG any reimbursable consultant and contractor invoices, or other verifiable record documenting the magnitude and date of expenditures on the project. Expenditures without the proper documentation required by the PAA are not reimbursed by SANBAG.

IV.B.2.b. Advance Expenditure Process

The Advance Expenditure (AE) process is established to provide reimbursement or credit to local jurisdictions that are willing to deliver Nexus Study projects with local resources in advance of an allocation of Measure I funds. Local jurisdictions that wish to take advantage of this option may request to be reimbursed for the public share of an advanced project's cost at such time as Measure I funds are available through the applicable program. Alternatively, the local jurisdiction may request to have the public share cost credited toward an equal development share cost for one or more subsequent projects.

The Valley AE Process applies to the Valley Freeway Interchange and the Valley Major Street Programs as detailed below:

- ***Valley Freeway Interchange Program***: Public share funding for freeway interchanges is allocated based on the policy framework described in Section IV.B.5 of this Strategic Plan. Jurisdictions that do not receive an allocation of Valley Freeway Interchange Funding when they wish to initiate projects may begin development under the AE Program subject to SANBAG Board approval. Sponsoring agencies that wish to utilize the AE Program for an interchange project must execute an Advance Expenditure Agreement (AEA) with SANBAG prior to the expenditure of funds to be reimbursed or credited pursuant to this AE Program. Any funds expended by a local jurisdiction on a project prior to the execution of the AEA are not eligible for reimbursement or credit.

  The AEA establishes agency roles, responsibilities and financial commitments. One agreement is executed between SANBAG and the sponsoring agency for the entire interchange project. The agreement contains the scope of work, development mitigation commitment and public share of the cost to be reimbursed by SANBAG. As the sponsoring agency begins each subsequent phase of a project, the agreement is amended to update the project scope, development mitigation commitments and public share of the cost to be reimbursed by SANBAG. As part of the Advance Expenditure Agreement, the sponsoring agency is required to provide a copy of a fully executed Development Mitigation Cooperative Agreement. The Development Mitigation Cooperative Agreement is an agreement between the sponsoring agency and minority share agency(ies), where applicable, to provide the requisite development mitigation funding to the project as outlined in the Nexus Study. Both the City Council/Board of Supervisors of the sponsoring agency and SANBAG must approve the Advance Expenditure Agreement and each subsequent amendment to the project information attachment contained in the agreement. The Agreement must specify whether the jurisdiction is entering into a project credit arrangement or a direct reimbursement arrangement. A credit arrangement for an interchange may apply only to another interchange on the SANBAG priority list.

As noted above, local jurisdictions may request to be reimbursed under the AE process, or may receive credit toward an equal development share cost for one or more subsequent projects. SANBAG begins reimbursement for phases of a project in the first year that Valley Freeway Interchange Program funding becomes available to the project based on its ranking on the interchange prioritization list (see Section IV.B.5). In general, reimbursement of advance expenditures is completed prior to allocations being made to the construction phase of projects of lower priority. This is balanced with the need to maintain commitments to other interchange projects on which project development activity has been initiated. Reimbursement of advance expenditures is considered in the annual apportionment process by the SANBAG Board so that jurisdictions have an estimate of the reimbursement available for budgeting purposes for the coming fiscal year. Credit to be applied to a subsequent interchange project may only be reimbursed when the subsequent project is authorized for activity by the SANBAG Board, in accordance to the interchange priority list. Finally, the reimbursement or credit for Advance Expenditure is determined based on the prioritization list in effect at the time the Advance Expenditure Agreement was executed. Therefore, subsequent changes in the Interchange Prioritization List does not affect the time of reimbursement or availability of credit once the AEA has been executed for the project.

- *Valley Major Street AE Process*:
    - ***Valley Major Street Arterial Sub-program:*** Each year, local jurisdictions have access to an equitable share of Valley Major Street Arterial Sub-program funding as described in Section IV.B.6 of this Strategic Plan. The allocated funding as well as the list of eligible projects are documented in the Jurisdiction Master Agreement approved annually by the agency and SANBAG. Local jurisdictions are eligible for reimbursement up to the amount of funding included in the Jurisdiction Master Agreement. The AE process provides for reimbursement of, or credit for, costs incurred by local jurisdictions that choose to complete delivery of projects that cost more than the equitable share revenue available in that year, or additional Nexus Study projects for which equitable share revenues are available in subsequent years. Jurisdictions that expend resources under the AE process are eligible to invoice SANBAG for the incurred expenditures as new allocations of funding become available in future years. Projects completed in full or part under the AE process must be included in the annual Capital Projects Needs Analysis (CPNA). All of the terms pertaining to the AE process for the Major Street Arterial Sub-program are included in the Jurisdiction Master Agreement.

- ***Valley Railroad/Highway Grade Separation Sub-Program:***
Public share funding for railroad/highway grade separations is allocated based on the policy framework described in Section IV.B.6 of this Strategic Plan. Jurisdictions that do not receive Valley Railroad/Highway Grade Separation Funding when they wish to initiate projects may begin development under the AE process subject to SANBAG Board approval. Sponsoring agencies that wish to utilize the AE process for a railroad/highway grade separation project must execute an AEA with SANBAG prior to the expenditure of funds to be reimbursed or credited pursuant to this AE process. Any funds expended by a local jurisdiction on a project prior to the execution of the AEA will not be eligible for reimbursement or credit.

  The AEA establishes agency roles, responsibilities and financial commitments. One agreement will be executed between SANBAG and the sponsoring agency for the entire project. The agreement contains an attachment that provides the scope of work, development mitigation commitment and public share of the cost to be reimbursed by SANBAG. As the sponsoring agency begins each subsequent phase of a project, the agreement will be amended to update the project scope, development mitigation commitments and public share of the cost to be reimbursed by SANBAG. Both the City Council/Board of Supervisors of the sponsoring agency and SANBAG must approve the AEA and each subsequent amendment to the project information attachment contained in the agreement.

  As noted above, local jurisdictions may request to be reimbursed under the AE process, or may receive credit toward an equal development share cost for one or more subsequent projects. SANBAG will begin reimbursement for phases of a project in the first year that Valley Grade Separation Sub-program funding becomes available to the project based on its ranking on the Grade Separation Prioritization list. In general, reimbursement of advance expenditures will be completed prior to allocations being made to the construction phase of projects of lower priority. This balances the need to maintain commitments to other grade separation projects on which project development activity has been initiated and for reimbursement of AEAs. Reimbursement of advance expenditures will be considered in the annual apportionment process by the SANBAG Board so that jurisdictions will have an estimate of the reimbursement available for budgeting purposes for the coming fiscal year. Credit to be applied to a subsequent grade separation project may only be reimbursed when the subsequent project is authorized for activity by the SANBAG Board, in accordance with the grade separation priority list. Finally, the reimbursement or credit for Advance Expenditure will be determined based on the prioritization list in effect at the time the AEA was executed. Therefore, subsequent changes in the Grade Separation Prioritization List will not affect the time of reimbursement or availability of credit once the AEA has been executed for the project.

IV.B.3. Valley Local Streets Program

IV.B.3.a. Scope of the Program

The Valley Local Streets Program is funded by 20% of the total Valley Measure I 2010-2040 revenue collected in the San Bernardino Valley Subarea. This program will be used by local jurisdictions to fund eligible Local Street Projects.

Local Street Projects are defined as street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project funds shall be based upon a Five Year Capital Improvement Plan adopted annually by the governing body of each jurisdiction after being made available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Local Street Five Year Plan. The adopted Five Year Plan shall be consistent with local, regional, and State transportation plans.

IV.B.3.b. Financial Analysis of Program

The Local Streets program will receive 20% of the revenue collected in the San Bernardino Valley Subarea. That amount is currently estimated at $904 million in 2008 dollars. Allocations to local jurisdictions shall be on a per capita basis using the most recent State Department of Finance population estimates for January 1, with the County's portion based upon unincorporated population in the Valley Subarea. Estimates of unincorporated population within the Valley Subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate for January 1 of each year.

IV.B.3.c. Program Policies

The Valley Local Streets program policies provide requirements for the administration of the Local Streets program. The policies establish the funding allocation process and the requirements for the related five year plan required of each jurisdiction. The detailed policies are listed in Part 2 of the draft Strategic Plan.

IV.B.3.d. Implementation Actions

The following actions need to be taken to implement the Valley Local Streets Program based on the Local Street Program policies listed at the end of Section 4:

- Annually, SANBAG will approve the population figures for each City in the Valley Subarea based on the State Department of Finance population estimate as of January 1 of that year.

- Annually, SANBAG will approve the population figure for the unincorporated population in the Valley Subarea based upon figures provided by the County Planning Department as reconciled with the State Department of Finance population estimate as of January 1 of that year.
- Annually, each jurisdiction in the Valley Subarea will develop a Five Year Capital Improvement Plan for Local Street Projects that is consistent with local, regional, and State transportation plans. This annual update of the Five Year Plan will be available for review and comment by the public and will be formally adopted by the governing body of the jurisdiction.

IV.B.4. Valley Freeway Program

IV.B.4.a. Scope of the Program

The Measure I Ordinance approved by the voters in 2004 included six freeway mainline projects. The six projects are as listed below and shown in Figure IV-2.

- I-10 Widening from I-15 to Riverside County Line
- I-15 Widening from Riverside County Line to I-215
- I-215 Widening from Riverside County Line to I-10
- I-215 Widening from SR-210 (formerly SR-30) to 1-15
- SR-210 Widening from I-215 to I-10
- Carpool Lane Connectors

The challenge is the development of a realistic program that delivers the six freeway projects in a timely fashion. This requires balancing of four elements—project scopes, costs, schedules, and financing. The recommended Valley Freeway Program achieved balance through an iterative process that considered the need for the improvements, the available funds, inflation, financing costs, and earliest start dates unconstrained by funding.

The detailed scopes of the corridor improvements were not described in the Measure I Ordinance. For the purposes of developing a cost for all the improvements it was initially assumed that a lane would be added in each direction for all the corridors with the exception of the I-215 from Riverside County Line to I-10. This project assumed two lanes would be added in each direction. The projects included other ancillary improvements such as auxiliary lanes, interchange replacement, and shoulder reconstruction. For the carpool lane connectors no specific interchange was identified. Rather, a set-aside of $90M was included. The Measure I Expenditure Plan included a total program cost of $1.44B.

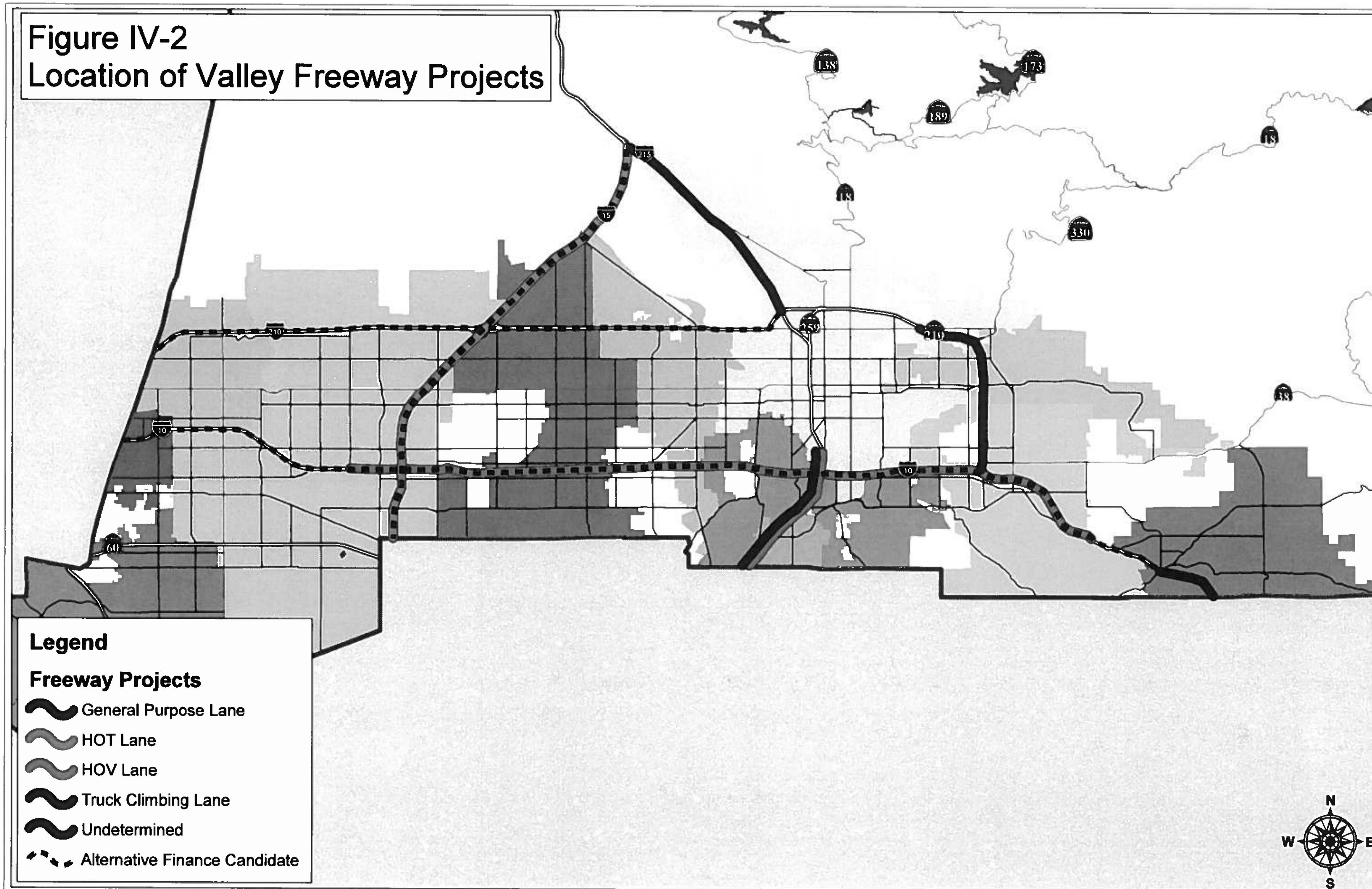
With the rapid increase in construction costs since the adoption of the Measure I Ordinance in November 2004, project scopes, costs, schedules and financing all needed to be reconsidered in order to develop a realistic and deliverable program. This is discussed further in the following section.

IV.B.4.b. Financial Analysis

In developing the Valley Freeway Program financial plan, numerous variables were taken into account. Variables include the projects costs, project schedules, project priorities, estimated revenue, construction cost index, and bond interest rates. To assist in the analysis, a computer-based cash-flow model was developed.

The greatest challenge for developing a financially feasible Valley Freeway Program was the large increase in construction costs that occurred from 2003 to 2008. Construction costs increased by over 80% between 2003, when the Expenditure Plan project costs were compiled, and 2008. Currently, construction costs have stabilized and are following more historical trends. The updated total Freeway Program cost is $2.79B.

Figure IV-2
Location of Valley Freeway Projects



During this period of rapid construction cost increases, the forecast in Measure I sales tax revenue saw a more modest increase. The Valley Freeway Program, which receives 29% of the Measure I Valley subarea revenue, is estimated to receive $1.6B over the 30-year period in 2008 dollars. In addition, in the original Expenditure Plan the Valley Freeway Program was assumed to receive 53% of the State and federal funds available for the combination of Valley Freeway, Interchange, and Major Street Programs. This percentage equates to $ 0.68B. Therefore, the total revenue estimated to be available for the Valley Freeway Program is $2.48B in 2008 dollars. Thus, the shortfall between total program need and the projected revenue was $0.5B in 2008 dollars. The funding shortfall, however, is exacerbated over the life of the Measure as sales tax revenue increases and construction cost increases are factored into the financial model.

To address the shortfall, staff developed a scenario that fulfills SANBAG's commitments to the mainline freeway corridor improvements specified in the Measure I Expenditure Plan. It was recognized that, to accomplish this, reduced project scopes may be required, innovative funding sources may be necessary, and a larger share of the State and federal funds would need to be assigned to the Valley Freeway Program. Only the carpool lane connector project is not funded under the recommended Valley Freeway Program. Subsequently, an analysis was conducted of State and federal funds for Valley programs (see Appendix C). A set of policies was also developed to provide direction for allocation of State and federal funds for Valley programs. These policies are documented in Section IV.B.1 and are generally consistent with the way in which State and federal funds historically have been treated in the Valley. Staff also was directed to explore accelerated project delivery through bonding since a pay-as-you-go approach would result in unacceptable delivery schedules.

Project Priority

To assist in establishing the priority ultimately used in the recommended Valley Freeway Program sequencing, staff calculated the existing and forecast congestion levels for the freeway corridor segments. The congestion level was calculated in delay per 1000 vehicle-miles of travel (VMT). Existing congestion was determined by using data from the Caltrans freeway surveillance system and from new travel time runs conducted by Caltrans in the period from February through April 2008. Future congestion was based on growth factors derived from the most recently available SCAG modeling. The delay analysis results are shown in Table IV-1. This quantitative information in conjunction with qualitative factors was used to determine the priority of the projects.

Table IV-1. Delay Analysis Results for Freeway Segments for Existing and Future Conditions (Delay is in vehicle-hours, analysis is for AM and PM peak periods only)

Segment	% Growth 2006-2030	Existing Delay/ 1000 VMT	2030 Delay/ 1000 VMT	Rank Based on Existing Delays	Rank Based on Future
I-10					
Haven to Sierra	42%	1.65	2.34	4	5
Sierra to I-215	60%	0.46	0.74	9	9
I-215 to SR-30	50%	3.63	5.43	1	1
SR-30 to Ford	91%	0.84	1.60	7	7
Ford to Live Oak	91%	0	0*	10	10
I-15				.	
SR-60 to I-10	28%	3.46	4.42	2	2
I-10 to SR-210	55%	2.17	3.35	3	3
SR-210 to Glen Helen	108%	0.99	2.06	6	6
SR-30/210				.	
I-215 to Highland	88%	0	0*	10	10
Highland to I-10	78%	1.43	2.55	5	4
I-215				.	
Co. Line to Orange Show	48%	0.75	1.11	8	8
SR-210 to Devore	91%	0	0*	10	10
Carpool Lane Connectors	NA	NA	NA	NA	NA

*Note: Delays may be greater than zero in the future on these segments, but analysis would require a more sophisticated approach. But it is highly unlikely that another approach would substantially change the ranking of these segments.

Scope of Projects

The following project scopes are recommended to assist in balancing the project costs with the projected revenue.

- *I-10 Widening from I-15 to Riverside County Line* – This project is defined as the addition of one carpool lane in each direction from Milliken Avenue in the City of Ontario to Ford Street in the City of Redlands. The cross-section would be a reduced standard at isolated locations where the provision of full standard would be very costly. The reduced standards will require approval of the Federal Highway Administration (FHWA) and Caltrans. East of Ford Street the existing eastbound truck climbing lane will be extended to the Riverside County line. The extension of the eastbound truck climbing lane will provide regional connectivity between Riverside and San Bernardino County, as RCTC plans to construct a truck climbing lane from the County line to the I-10/SR-60 interchange.
- *I-15 Widening from Riverside County Line to I-215* - This project is defined as the addition of two High Occupancy/Toll (HOT) lanes in each direction. The HOT lanes will tie into the planned Riverside County HOT lanes. It is assumed that toll revenue will pay

for 75% of the project cost. The potential for HOT lanes will be verified by the on-going Alternative Financing study.

- *I-215 Widening from Riverside County Line to I-10* – This project is an interim widening that adds one carpool lane in each direction from the Riverside County Line to Orange Show Road. The interim project will consist of a reduced cross-section constructed within existing right-of-way. The reduced standards will require approval of FHWA and Caltrans. Also included is the reconstruction of the Washington Street and Barton Road interchanges. The ultimate project consists of the addition of one mixed flow lane in each direction. Bringing the freeway up to full standard will commence late in the Measure. The projects will be done in conjunction with RCTC as they continue to make improvements to SR-91 and I-215 following the reconstruction of the 60/91/215 interchange in downtown Riverside.
- *I-215 Widening from SR-30/210 to I-15* – This project adds one lane in each direction.
- *SR-210 Widening from I-215 to I-10* – This project adds one lane in each direction from Highland Avenue to I-10.
- *Carpool Lane Connectors* - Funding for the carpool connectors has not been identified.

<u>Revenue</u>

As part of the recommended Valley Freeway Program, 100 percent of the State and federal revenue projected to be available to the San Bernardino Valley roadway programs, aside from existing commitments to certain interchanges and railroad grade separation projects, was assigned to the Valley Freeway Program. The 2007 fiscal year was assumed to be the typical year for State and federal as the basis for the revenue projections. The assignment of the State and federal revenue over which SANBAG has allocation authority is discussed in Appendix C.

In conjunction with the development of the Strategic Plan, an Alternative Financing Study is in process. The purpose of the study is to determine corridors that have potential to generate revenue and where tolls would be an effective traffic demand management tool. The preliminary screening of ten segments on four corridors identified three Measure I 2010-2040 Valley Freeway Program corridors that have the greatest potential for HOT lanes. While other mainline segments may support toll-financing, only the I-15 is identified to include toll-financing in the recommended plan. The inclusion of tolling on I-15 is based on the outcome of preliminary screening that shows the I-15 to have greatest potential for supporting HOT lanes. An assumption was made for the I-15 corridor that toll revenue will fund 75% of the project cost.

Listed below are assumptions made on key variables included in the financial model.

- Annual construction cost escalation rate– 5%
- Annual revenue inflation rate for Measure I dollars– 3.8%
- Annual revenue inflation rate for State and federal dollars– 1.8%
- Bond interest rate – 5.5%

Financial Plan/Delivery Sequence

Utilizing the information described above, a balanced financial plan was developed for the Valley Freeway Program. Two other constraints required in the model were a minimum bond debt coverage ratio of 1.5 and a positive cash flow on a cumulative basis. The cumulative Measure I revenues and Measure I expenditure curves prepared as part of the cash flow analysis for the freeway are shown in Figure IV-3. These were based on modifications to project scopes, the use of innovative financing sources, and the use of a larger share of the State and federal funds by the Valley Freeway Program. It should be noted that both the revenue and expenditure streams are in escalated dollars, not 2008 dollars.

The project delivery sequence and design start dates included in the financial model are shown in Table IV-2. The delivery sequence was developed in consideration of the congestion ranking, qualitative criteria, and utilization of available funds as soon as possible to deliver the projects as early as possible. The start dates are controlled by available resources and projects obtaining environmental clearance and are subject to change. Several bond issues were included in the revenue stream to achieve the earliest delivery dates possible while maintaining the minimum debt coverage ratios and positive cash flows.

Based on this information, the SANBAG Major Projects Committee recommended moving forward with the proposed project delivery sequence, recognizing that project delivery dates may need to be adjusted as additional information becomes available. In addition, it was recommended that bonding be used to accelerate delivery of the Freeway Program, with specific bonding proposals to be developed as part of the Measure I Strategic Plan.

A Ten Year Delivery Plan will provide additional detail on the project scopes, cost, schedule, and sequencing. Authorization of specific expenditures on Valley Freeway Program projects will occur through the SANBAG Board approval process. It should be noted that project development has been initiated on all of the Valley Freeway Program projects with the exception of I-215 from SR-210 to I-15 and the carpool connectors.

IV.B.4.c. Program Policies

Several policies have been identified to govern SANBAG management of the Freeway Program. These are included in Part 2 of the Strategic Plan.

IV.B.4.d. Implementation Actions

The following actions need to be taken to implement the Valley Freeway program:

- Complete scoping documents (Project Study Reports) for projects that will be in development in the first ten years of the Measure. The documents will define the scope, cost and schedule. Obtain Caltrans' approval and as needed FHWA's approval of the documents.
- Develop a Ten Year Delivery Plan utilizing the information from the scoping documents.
- Upgrade the project control system to track the project schedules, budget, and scope. Integrate the system with SANBAG financial system.

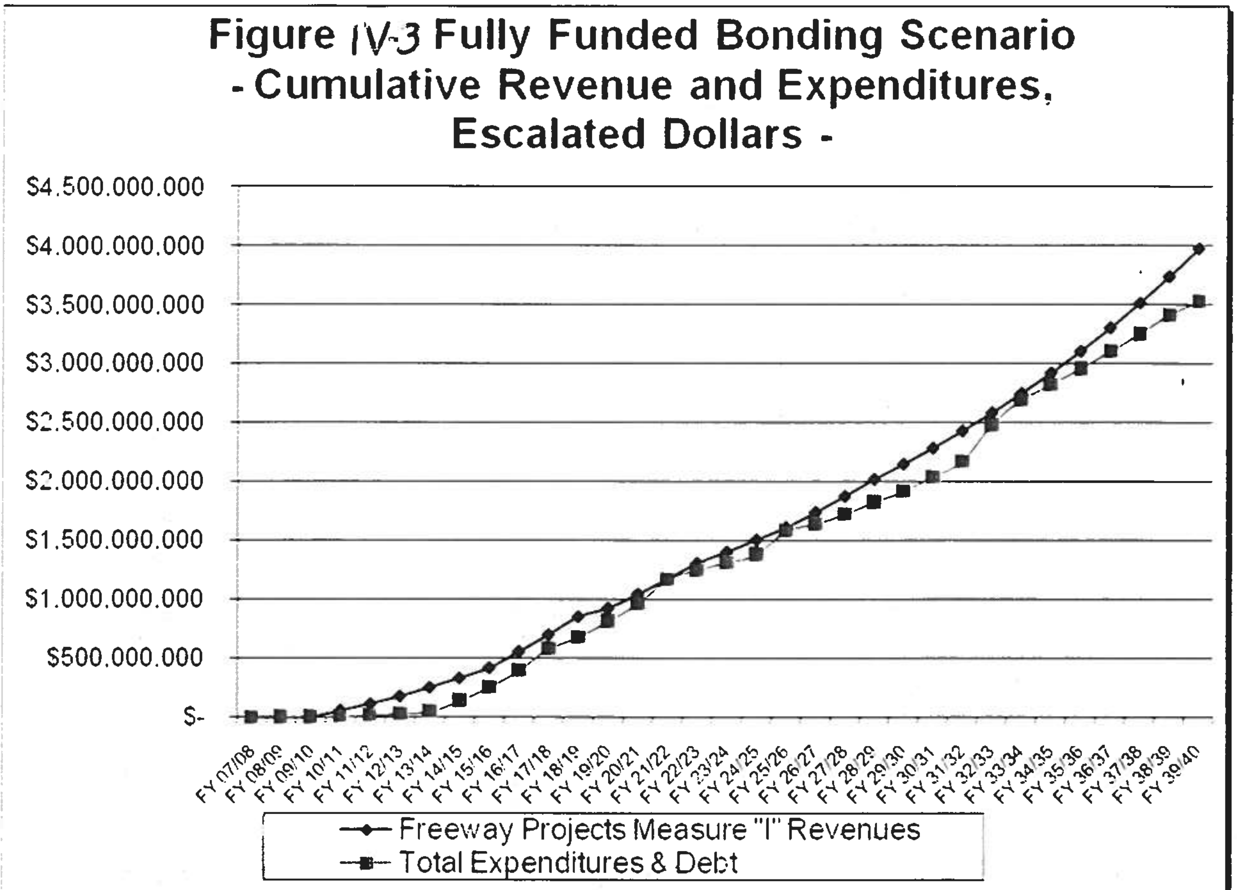


Figure IV-3 Fully Funded Bonding Scenario
- Cumulative Revenue and Expenditures,
Escalated Dollars -
$4,500,000,000
$4,000,000,000
$3,500,000,000
$3,000,000,000
$2,500,000,000
$2,000,000,000
$1,500,000,000
$1,000,000,000
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FY 07/08
FY 08/09
FY 09/10
FY 10/11
FY 11/12
FY 12/13
FY 13/14
FY 14/15
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FY 25/26
FY 26/27
FY 27/28
FY 28/29
FY 29/30
FY 30/31
FY 31/32
FY 32/33
FY 33/34
FY 34/35
FY 35/36
FY 36/37
FY 37/38
FY 38/39
FY 39/40
Freeway Projects Measure "I" Revenues
Total Expenditures & Debt

Table IV-2. Projected Project Start Dates (for final design work) for Valley Freeway Projects under Pay-As-You-Go (PAYG) and Bonding Scenarios

Segment	Year Design Work Starts with PAYG:	Year Design Work Starts with Bonding:
I-10		
Haven to Sierra	2018	2013
Sierra to I-215	2030	2015
I-215 to SR-30	2012	2011
SR-30 to Ford	2027	2022
EB TCL E. of Live Oak	2030	2030
I-15		
SR-60 to I-10	2020	2016
I-10 to SR-210	2022	2018
SR-210 to Glen Helen	2033	2020
SR-210		
I-215 to Highland	Excluded	Excluded
Highland to I-10	2024	2013
I-215		
Co. line to I-10 interim	2015	2015
Co. line to I-10 ultimate	Partial	Partial
SR-210 to Devore	2031	2030
Carpool Lane Connectors	Excluded	Excluded

IV.B.5. Valley Freeway Interchange Program

IV.B.5.a. Scope of the Program

The Valley Freeway Interchange program is funded by 11% of the Measure I 2010-2040 Valley revenue, contributions from new development, and other State and federal revenues as indicated by the Valley Expenditure Plan. The interchange projects that comprise the Valley Freeway Interchange program were identified through collaboration between local jurisdiction staff and SANBAG staff. Thirty-eight interchanges are identified for improvement in the Valley Freeway Interchange program.

The 38 interchanges included in the Valley Freeway Interchange program are subject to the requirements of the SANBAG Development Mitigation Program included in Chapter 4, Appendix K and Appendix J of the San Bernardino County Congestion Management Program (CMP) initially adopted by the SANBAG Board November 2, 2005 and updated in November 2007. Pursuant to the SANBAG Development Mitigation Program, interchange funding contains both a public share and minimum private development share. For some interchanges, the development share is split among two or more jurisdictions according to the methodology in the Nexus Study. It is anticipated that Measure I, state, and federal funds will fund the public share of the Valley Freeway Interchange program.

The Valley Freeway Interchange program projects are managed by either local jurisdictions or SANBAG, with SANBAG administering the public funding for the program. SANBAG may manage project development and delivery of these projects under conditions specified in Policy 40000-VFI.

SANBAG's annual apportionment of Measure I dollars to the Valley Interchange program occurs in February of each year (see Policy 40000-VS). The apportionment is based on CPNAs, prepared and annually updated by each Valley jurisdiction, that show anticipated expenditures on Valley interchange projects.. Valley Interchange Program funds are then allocated to projects nominated for funding at that time by sponsoring agencies in their CPNAs. If nominations exceed the available funding, funds are allocated in order of priority assigned through the interchange prioritization methodology and subject to conditions stated in the interchange program policies referenced in Policy 40000-VFI.

Allocations of funding by SANBAG to initial phases of a project also represent a commitment to timely funding of subsequent project phases, barring a determination by the Board of Directors that exceptional circumstances warrant otherwise.

Figure IV-4 is a map of the San Bernardino Valley Freeway Interchange Program projects. Table IV-3 provides the prioritized list of interchanges with the estimated cost, fair share percentages, and interchange ranking.

Figure IV-4
Location of Valley Freeway Interchange Projects

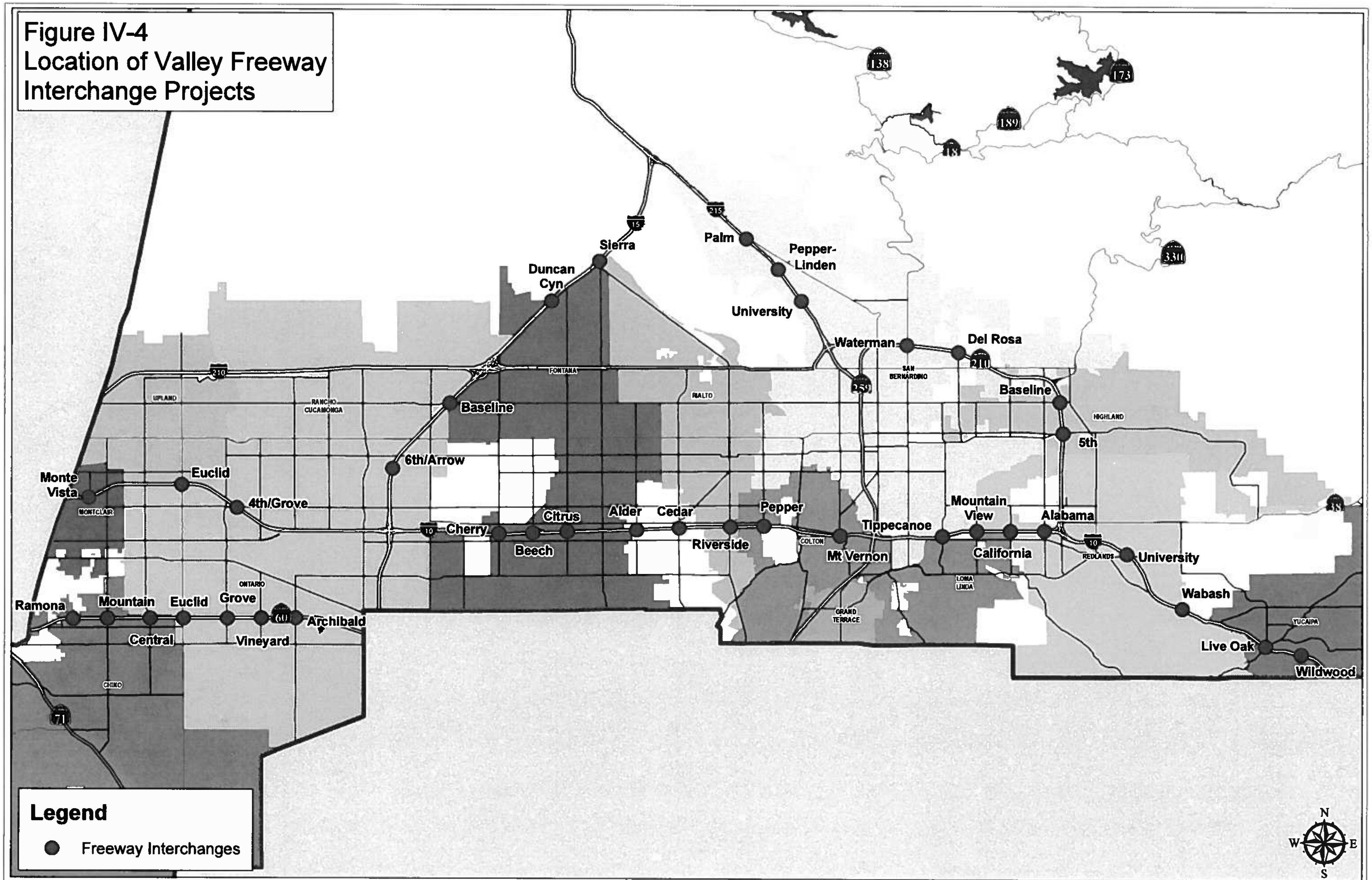


Table IV-3. Prioritized Interchanges in the Valley Interchange Program
(VHD = Vehicle Hours of Delay –I-10 Pepper interchange still being evaluated)

	Cost ($Mill, from Nexus Study)	Fair Share Percent	VHD Saved Existing	Existing VHD Saved Per $Mill	Rank Based on Exist VHD Saved Per $Mill
I-10/Cedar	$ 34.35	30.0%	556	16.19	1
SR-210/Baseline	$ 17.83	41.9%	257	14.39	2
SR-60/Central	$ 26.72	58.8%	350	13.09	3
I-10/University	$ 5.51	17.9%	68	12.33	4
I-215/University	$ 29.27	44.1%	292	9.99	5
I-10/Alabama	$ 26.70	50.5%	239	8.96	6
I-15/Baseline	$ 31.80	50.0%	261	8.20	7
I-10/Mt. Vernon	$ 31.81	5.1%	250	7.87	8
SR-60/Archibald	$ 6.36	66.1%	50	7.86	9
I-10/Monte Vista	$ 25.45	24.1%	189	7.41	10
SR-60/Grove	$ 45.00	48.3%	324	7.20	11
SR-60/Euclid	$ 7.00	44.5%	50	7.14	12
I-10/Euclid	$ 8.00	17.4%	50	6.25	13
SR-60/Mountain	$ 34.45	46.2%	167	4.84	14
SR-60/Ramona	$ 26.72	31.3%	124	4.62	15
I-15/Sierra	$ 12.70	80.3%	58	4.57	16
SR-210/Waterman	$ 50.90	18.2%	229	4.50	17
I-10/Mountain View	$ 50.90	37.8%	222	4.37	18
I-10/Pepper	$ 33.85	34.0%	108	3.20	19
SR-210/Del Rosa	$ 35.62	32.8%	101	2.84	20
SR-210/5th	$ 17.83	41.9%	49	2.74	21
I-10/Vineyard	$ 74.00	60.0%	170	2.30	22
I-15/6th-Arrow	$ 70.00	50.0%	132	1.89	23
SR-60/Vineyard	$ 45.00	60.3%	81	1.80	24
I-10/4th/Grove	$ 70.00	17.1%	125	1.78	25
I-215/Palm	$ 10.92	15.8%	15	1.35	26
I-10/California	$ 45.00	47.8%	45	1.01	27
I-10/Alder	$ 99.45	50.0%	100	1.01	28
I-10/Wildwood	$ 34.19	50.0%	31	0.92	29
I-215/Pepper-Linden	$ 50.90	50.0%	32	0.63	30
I-15/Duncan Cyn.	$ 62.90	77.3%	15	0.24	32
I-10/Beech	$ 112.89	50.0%	30	0.27	31
I-10/Wabash	$ 26.72	35.8%	6	0.22	33

IV.B.5.b. Financial Analysis

The estimated cost of the 38 interchanges listed in Table IV-3 is $1.229 billion in 2008 dollars. The expected development contribution to this cost is $482 million, or about 39 percent of the total. The public share of the total is $680 million or about 55 percent. Measure I revenue forecast to be available for the Valley Interchange Program is $603 million. A combination of federal demonstration funds, federal Projects of National and Regional Significance funds, State Interregional Improvement Program funds, and State Transportation Improvement Program funds have also been committed. Proposition 1B Trade Corridor Improvement Fund dollars in the amount of more than $100 million have also been allocated to the Cherry/I-10, Citrus/I-10, and Riverside/I-10 interchanges.

Based on this information, the program appears to be adequately funded in constant (2008) dollars. However, project cost escalation has historically exceeded revenue escalation by approximately 1.5 percent per year, such that a modest shortfall should be expected over the 30 year life of the Measure I 2010-2040 program absent an infusion of some additional revenue. The Strategic Plan strategy relies on application of nearly all of the Valley share of State and federal formula revenues to the Freeway Program (see Section IV.B.4.b). However, recent history has also shown that almost 50 percent of the funding needed for freeway interchanges has come from non-formula State and federal sources. It is expected that the combined efforts of SANBAG and its member agencies to continue to leverage federal and State appropriations can maintain full funding for this program.

A full cash-flow analysis of the Valley Freeway Interchange Program, as was done for the Valley Freeway Program, is not needed at this time. Bonding will be required to meet the Measure I obligations for the interchanges included in the TCIF program (I-10/Cherry, I-10/Citrus, and I-10/Riverside), but the remainder of the interchanges are anticipated to be built on a pay-as-you-go basis. The interchange prioritization list and allocation process will govern the interchanges that receive allocations of Measure I funds. In addition, opportunities will be sought for the infusion of non-formula State and federal funds as noted above. Further, the Advance Expenditure process (see Policy 40000-AE) allows for jurisdictions to proceed with interchange project development and construction on their own, with reimbursement at a later time.

IV.B.5.c. Valley Freeway Interchange Program Policies

The Valley Freeway Interchange Program framework received conceptual approval by the SANBAG Board through two actions. The first, on March 5, 2008, established the general policy framework for administration of the program. The second action, approved August 6, 2008, provided additional policy detail. Minor modifications or additions have occurred to reflect subsequent discussion and direction from with the Board during consideration of other Measure I programs. The Freeway Interchange Program policies are provided in Part 2 of the Strategic Plan.

IV.B.5.d. Implementation Actions

The following actions need to be taken to implement the Valley Freeway Interchange Program based on the policies referenced above:

- Development of a model Project Funding Agreement
- Development of a model Inter-agency Development Mitigation Cooperative Agreement to document commitment by both the sponsoring agency and any minority share agencies in the funding of the private development share for the project
- Establishment of criteria that may be used as the basis for decisions by SANBAG on loan agreements for fair share amounts to be borrowed by any local jurisdictions
- Development of standard terms and conditions for loan agreements for fair share amounts to be borrowed by any local jurisdictions
- Identification of interchanges that need improvement prior to improvements planned for any of the Valley Freeway projects (i.e. mainline projects)
- Development of planning-level interchange concepts, where none exist, that can be used as the basis for improved interchange cost estimates.
- Development of a process for SANBAG monitoring of interchange scopes and costs to foster cost-containment of the program.
- Development of a tracking system for the Valley Freeway Interchange Program expenditures and revenue, integrated or interfaced with the SANBAG financial system.

IV.B.6 Valley Major Street Program

IV.B.6.a. Scope of the Program

The Measure I 2010-2040 Expenditure Plan defines Valley Major Street projects as "congestion relief and safety improvements to major streets that connect communities, serve major destinations, and provide freeway access." The Major Street program revenue is expended pursuant to a five-year project list annually adopted by the SANBAG Board after being made available for public review and comment, and takes into account equitable geographic distribution over the life of the Measure.

The Valley Major Street Program is initially funded at 20% of the total Valley Measure I revenue. Effective ten years following initial collection of revenue, the Major Street Projects allocation shall be reduced to no more than 17% but to not less than 12% upon approval by the SANBAG Board. The Express Bus/Bus Rapid Transit Service allocation shall be increased by a like amount. For purposes of revenue estimation in the Strategic Plan, it has been assumed that the Valley Major Street Program allocation would be reduced to 17%. This would result in approximately 18% of the Valley revenue being allocated to the Major Street program over the life of the Measure. The program also anticipates contributions from new development, as well as limited State and federal revenues as indicated by the Valley Expenditure Plan. While the Measure I contribution is a set amount as defined by the expenditure plan, the development mitigation, State and federal resources are significantly more fluid.

Projects in the Major Street Program are subject to the requirements of the SANBAG Development Mitigation Program, which is comprised of Chapter 4, Appendix K and Appendix J of the San Bernardino County Congestion Management Program (CMP). The program was initially adopted by the SANBAG Board on November 2, 2005 and updated in November 2007. Pursuant to the SANBAG Development Mitigation Program, projects to be funded by the program include both a public share and a private share of funding. The public share of funding includes Measure I Valley Major Street Program, State, and federal funds. The private share of funding includes any development based source of revenue as described in the SANBAG Development Mitigation Program. The ability to fully fund the projects included in the Nexus Study is contingent on the availability of Measure I, State, federal and development based revenue.

All projects completed through the Major Streets Program are cost-reimbursement projects. Jurisdictions are reimbursed for the public share of eligible expenditures based on invoices submitted to SANBAG. The public share of expenditures are reimbursed by SANBAG within 30 days up to the total amount included in the Jurisdiction Master Agreement. Expenditures in excess of the amount included in the Jurisdiction Master Agreement may be eligible for reimbursement under the Advance Expenditure process outlined in Section IV.B.2.

The Measure I apportionment, allocation and expenditure process is described Section IV.B.1. San Bernardino Valley Subarea Apportionment, Allocation, and Expenditure Process. In general the process for receipt and expenditure of funds is:

- Local jurisdictions submit their Capital Projects Needs Analysis (CPNA) by September 30 each year.
- SANBAG staff prepares a cash flow analysis using the CPNAs for each Valley program and makes an apportionment recommendation for Board approval by February each year.
- The Board makes an allocation decision based on apportioned amounts of funding to specific projects by March of each year.
- Between March and June of each year local jurisdictions and SANBAG execute Jurisdiction Master Agreements and Project Funding Agreements prior to the expenditure of funds.
- Following execution of requisite funding agreements, local jurisdictions begin expenditure of funds and submit SANBAG invoices for reimbursement.

Projects eligible to receive allocations of funding from the Valley Major Street Program are limited to the projects listed in the most currently adopted version of the SANBAG Development Mitigation Nexus Study. Additionally, local jurisdictions must have the project included in its development mitigation program to be eligible for Valley Major Street Program funding. Projects included in one but not the other are ineligible for Major Street funding until the inconsistency is resolved and the project is included in both the SANBAG Nexus Study and the local jurisdiction fee program. Project types in the Nexus Study are regional arterial roadways, freeway interchanges and rail/highway grade separations. All of the projects are located on the Nexus Study network, which is the regional network of highway facilities described in the Nexus Study. Figure IV-5 shows a map of the location of the arterial projects. Figure IV-6 shows a map of the location of the grade separation projects.

Figure IV-5
Location of Valley Arterial Projects

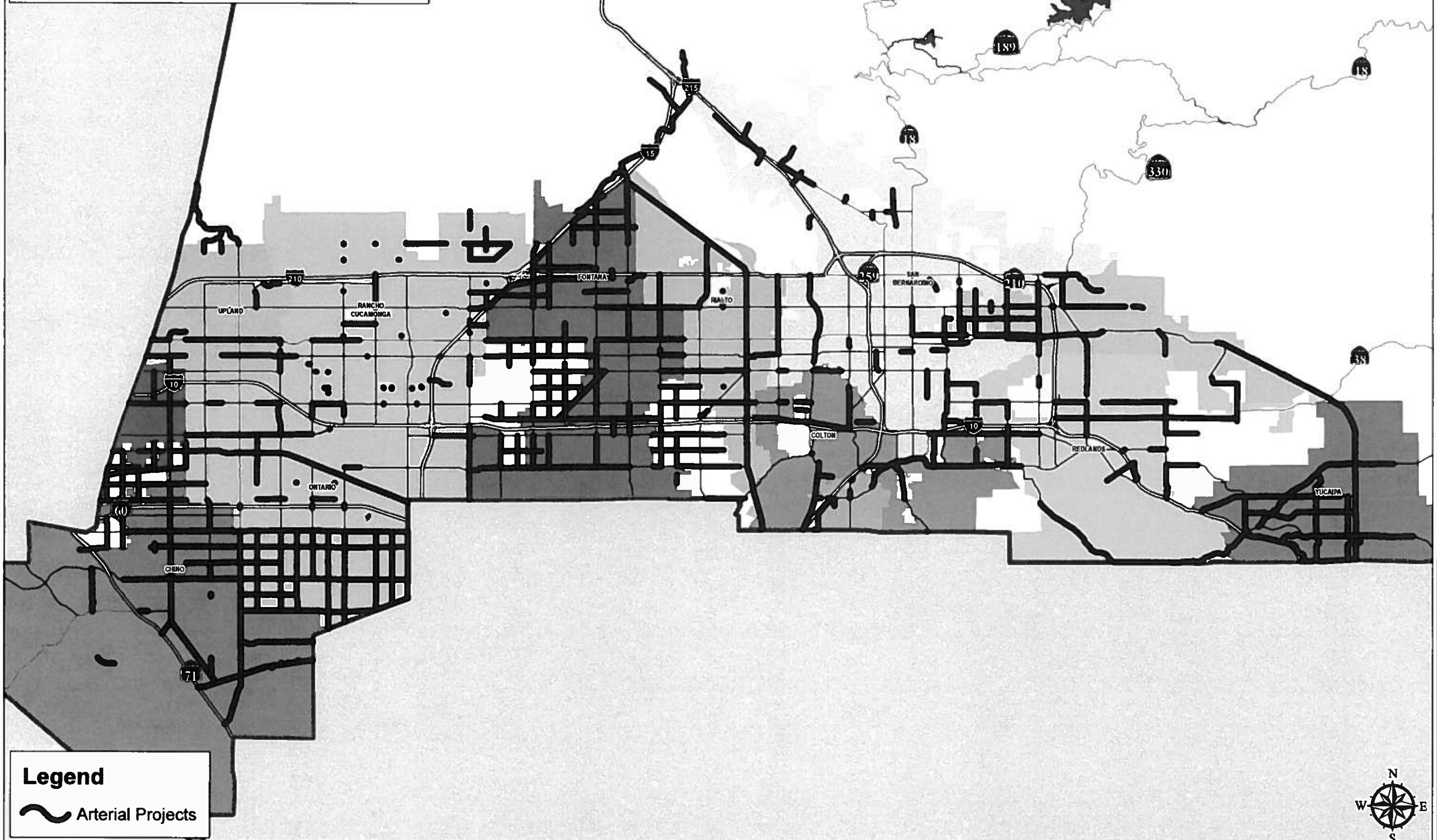
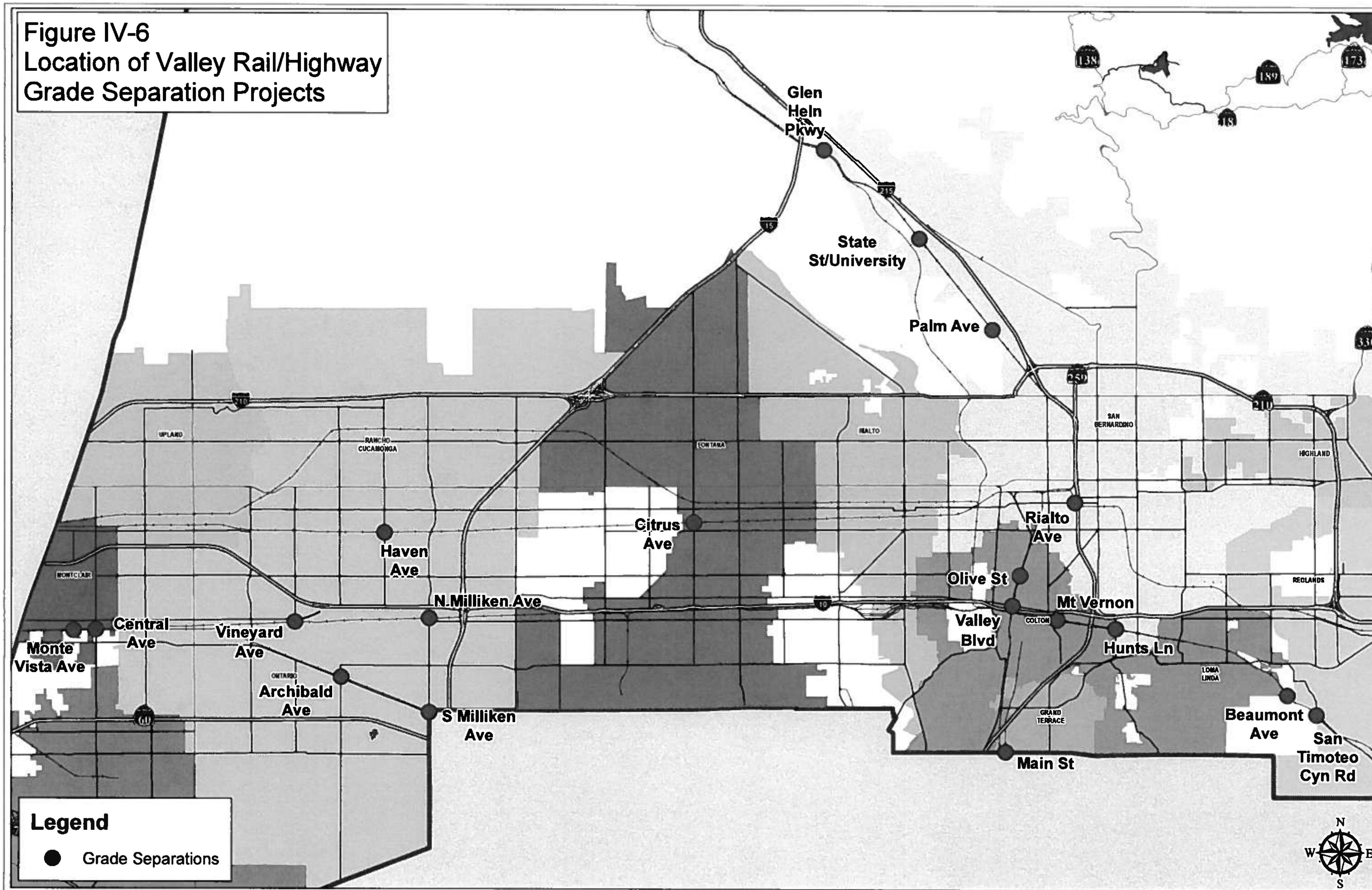


Figure IV-6
Location of Valley Rail/Highway
Grade Separation Projects



The Valley Major Street Program is a local jurisdiction driven program. Projects in the Valley Major Street Program are developed and implemented by local jurisdictions, and SANBAG's role is largely limited to the administration of the public funding for the program. Rail/highway grade separation projects are the exception. Local jurisdictions may request SANBAG project oversight for the project, subject to the terms and conditions discussed in greater detail below.

The Valley Major Street Program is divided into two sub-programs: 1) a rail/highway grade separation sub-program, and 2) an arterial sub-program. Apportionments to each subprogram are based on the percentage of public share of costs in the 2007 update of the Nexus Study. The amounts apportioned between the sub-programs may vary from year to year, but over the life of the Measure, the rail/highway grade separation sub-program will receive 20% of Measure I funds available in the Major Street Program based on the public share costs in the Development Mitigation Nexus Study. Adjustments are made for the time-value of money to ensure that both sub-programs received their equitable share of funds over the life of the Measure. If it is clear toward the end of the 30-year Measure that the Rail/Highway Grade Separation Sub-program will not use the full 20% of Major Street Program funds, excess funds may be transferred to the Arterial Sub-program.

IV.B.6.a.1. Rail/Highway Grade Separation Sub-program

The Rail/Highway Grade Separation Sub-program contains 19 grade separation projects. The program is administered much like the California Public Utilities Commission (PUC) manages its rail/highway crossing program. In this case, SANBAG maintains a priority list of grade separation projects, modeled after the PUC methodology but tailored to specific conditions in San Bernardino County. Measure I and other public share funds are allocated as they become available, to priority projects first. If the top priority project is not ready to move forward (with development fair shares, local support, etc.), the funding opportunity passes to the next highest priority project, and the top priority project is reconsidered in a subsequent year.

The Valley Rail/Highway Grade Separation project prioritization list is based on a methodology approved by the SANBAG Board and subject to revision every five years or as directed by the Board of Directors. At a minimum the project prioritization methodology will consider any existing State and federal commitments, delay savings and safety benefits.

IV.B.6.a.2. Arterial Sub-program

The foundation for the Arterial Sub-program is the guarantee of an equitable share percentage of Major Street Program funds (after allocation of a share to the railroad grade separation sub-program) to each jurisdiction over the 30-year life of the Measure. The equitable share percentage is represented by the ratio of public share costs for each jurisdiction's arterial projects to total Valley arterial public share costs in the Development Mitigation Nexus Study approved by the SANBAG Board in November 2007. Table IV-4 provides the established equitable share percentages. The equitable shares will be guaranteed over the life of the Measure by making adjustments based on the time-value of money. The percentages in Table IV-4 may be modified only through the annexation of unincorporated areas, which would add to the equitable share percentage for the annexing city and reduce the percentage for the County.

Table IV-4. Development Fair Share Percentages and Equitable Share Percentages for the Measure I 2010-2040 Valley Arterial Sub-program

Jurisdiction	Development Fair Share Pct.	Equitable Share Pct.
Chino	35.2%	7.6%
Chino Hills	13.7%	2.2%
Colton	43.6%	2.5%
Fontana	32.1%	19.5%
Grand Terr.	40.0%	1.4%
Highland	46.4%	6.8%
Loma Linda	38.8%	4.1%
Montclair	18.9%	0.6%
Ontario	44.4%	12.3%
Rancho Cuc.	28.7%	5.1%
Redlands	23.1%	4.9%
Rialto	40.0%	3.9%
San Bern.	32.4%	7.9%
Upland	48.3%	2.3%
Yucaipa	30.9%	6.0%
County	39.6%	12.9%
Total		100.0%

Based on the apportioned amount of funds to the Major Street Program approved in February of each year, local jurisdictions receive their allocation of funding based on the equitable share percentages from the Nexus Study. SANBAG staff maintains a cumulative accounting of jurisdiction apportionments, adding new apportionments to jurisdictions' accounts each year. Each annual apportionment of Measure I dollars is split into reserved and unreserved portions. The reserved portion is equivalent to the minimum development fair share amount. In other words, for each dollar of development fair share, one dollar is retained in the reserved portion of the account. The reserved portion may be accessed (i.e. reimbursed to a jurisdiction) on a 1:1 basis as development dollars are expended on projects, up to the cumulative apportionment in jurisdiction accounts. Thus, the entire reserved portion of the account may be accessed if an equivalent expenditure occurs from development contributions. The unreserved portion may be accessed without a development mitigation contribution.

Borrowing may be authorized by the SANBAG Board from the unused portion of jurisdiction accounts to deliver projects in other Valley programs or to reimburse a jurisdiction for early delivery of Major Street Program projects. Arterial Sub-program policy provides for limits on borrowing from jurisdiction accounts. Provisions are also made for the pre-payment of large project expenditures on an exception basis.

IV.B.6.b. Financial Analysis

There are approximately 400 projects in the Valley Major Street Program, including 19 grade separations, for a total estimated cost of $1.6 billion. The development contribution calculated in the Nexus Study is $52 million for the Rail/Highway Grade Separation Sub-program and $600 million for the Arterial Sub-program. The rail/highway grade separation development contribution was discounted to take into consideration the anticipated growth in train traffic, given that both arterial traffic growth and train growth (length and frequency) contribute to the need for grade separations. The cost allocated to the train growth is $63 million, or approximately 20% of total cost. SANBAG and local jurisdictions seek to offset the train growth portion through acquisition of railroad, container fee, Public Utilities Commission, State, and federal, and other non-Measure I funds. Thus, the upper bound for the Measure I obligation for the grade separation sub-program is $200 million in 2007 dollars. Adding the public share for the arterial sub-program of $1 billion brings the maximum Measure I obligation to $1.2 billion for the Valley Major Street Program.

Under the policy framework of the Major Street Program, SANBAG allocates Measure funds only to the extent that the expenditure plan percentages allow. The total Measure I revenue estimated to be available for the Major Street Program is approximately $975 million in 2007 dollars. The $225 million gap between maximum Measure I obligation and estimated Measure I revenue will grow over time due to the differential between cost escalation and revenue escalation, which has historically been in the range of 1.2 percent per year. Thus, a more realistic assessment of the gap is $275 million in 2007 dollars.

This gap will need to be bridged through the acquisition of State and federal revenue and higher levels of private participation, where possible. Local jurisdictions, as the project sponsors, will need to pursue these sources in partnership with SANBAG. The potential for non-Measure funds to bridge this gap is likely greatest for the grade separation sub-program, where there is the most potential for supplemental State, federal, railroad, container fee, and PUC funds. The Major Street policies state that if fewer Measure I dollars are required for grade separations than reflected in the 20% equitable share for the sub-program, the excess may be transferred to the arterial sub-program toward the end of the 30-year time period of the Measure. Aggressive pursuit of these additional funds is an important strategy for the Major Street Program, and it should be a SANBAG goal to expend as few Measure I dollars as possible on grade separation projects. For the Arterial Sub-program, Measure I funding is limited to each jurisdiction's equitable share, and local jurisdictions will need to consider strategies for increasing non-Measure I revenue to cover any gap in the public share costs.

Regarding the Rail/Highway Grade Separation Sub-program, it is important to note that the current commitment to TCIF projects may preclude any near-term commitment to additional grade separation projects other than the non-TCIF projects of Valley Blvd./BNSF/UP in Colton and the Main Street BNSF/UP in Grand Terrace which have already received SANBAG funding commitments for project development. A high priority will continue to be given to identifying supplemental funding sources for grade separation projects.

A full cash-flow analysis of the Valley Major Street Program, as was done for the Valley Freeway Program, is not needed at this time. Bonding will be required to meet the Measure I obligations for the railroad grade separation projects included in the TCIF program, but the remainder of the grade separations are anticipated to be built on a pay-as-you-go basis. The grade separation prioritization list and allocation process governs the projects that receive allocations of Measure I funds. The prioritization list includes consideration of existing State and federal funding commitments, congestion relief and safety benefits. In addition, opportunities will be sought for the infusion of non-formula State and federal funds as noted above. This strategy is delineated in Section III.B.1. Further, the Advance Expenditure Process (see Section IV.B.2) allows for jurisdictions to proceed with grade separation project development and construction on their own, with reimbursement at a later time.

IV.B.6.c. Valley Major Street Program Policies

The Valley Major Street Program framework was recommended for conceptual approval by the Major Projects Committee on September 11, 2008. Minor modifications or additions have occurred to reflect subsequent discussion and direction from with the Strategic Plan Ad Hoc Committee and the Major Projects Committee during consideration of other Measure I programs. The policies implementing the Valley Major Street Program are provided in Part 2 of the Strategic Plan.

IV.B.6.d. Implementation Actions

The following actions need to be taken to implement the Valley Major Street Program:

- Development of the Rail/Highway Grade Separation Prioritization List
- Development of a model Project Funding Agreement for rail/highway grade separation projects
- Development of a model Jurisdiction Master Agreement between SANBAG and local jurisdictions for the Arterial Sub-program
- Establishment of criteria that may be used as the basis for decisions by SANBAG on loan agreements for fair share amounts to be borrowed by local jurisdictions for rail/highway grade separation projects
- Development of standard terms and conditions for loan agreements for fair share amounts to be borrowed by local jurisdictions for rail/highway grade separation projects
- Development of apportionment and expenditure tracking system for the Valley Major Street Program, integrated or interfaced with the SANBAG financial system.

IV.B.7 Valley Metrolink and Passenger Rail Program

IV.B.7.a. Scope of the Program

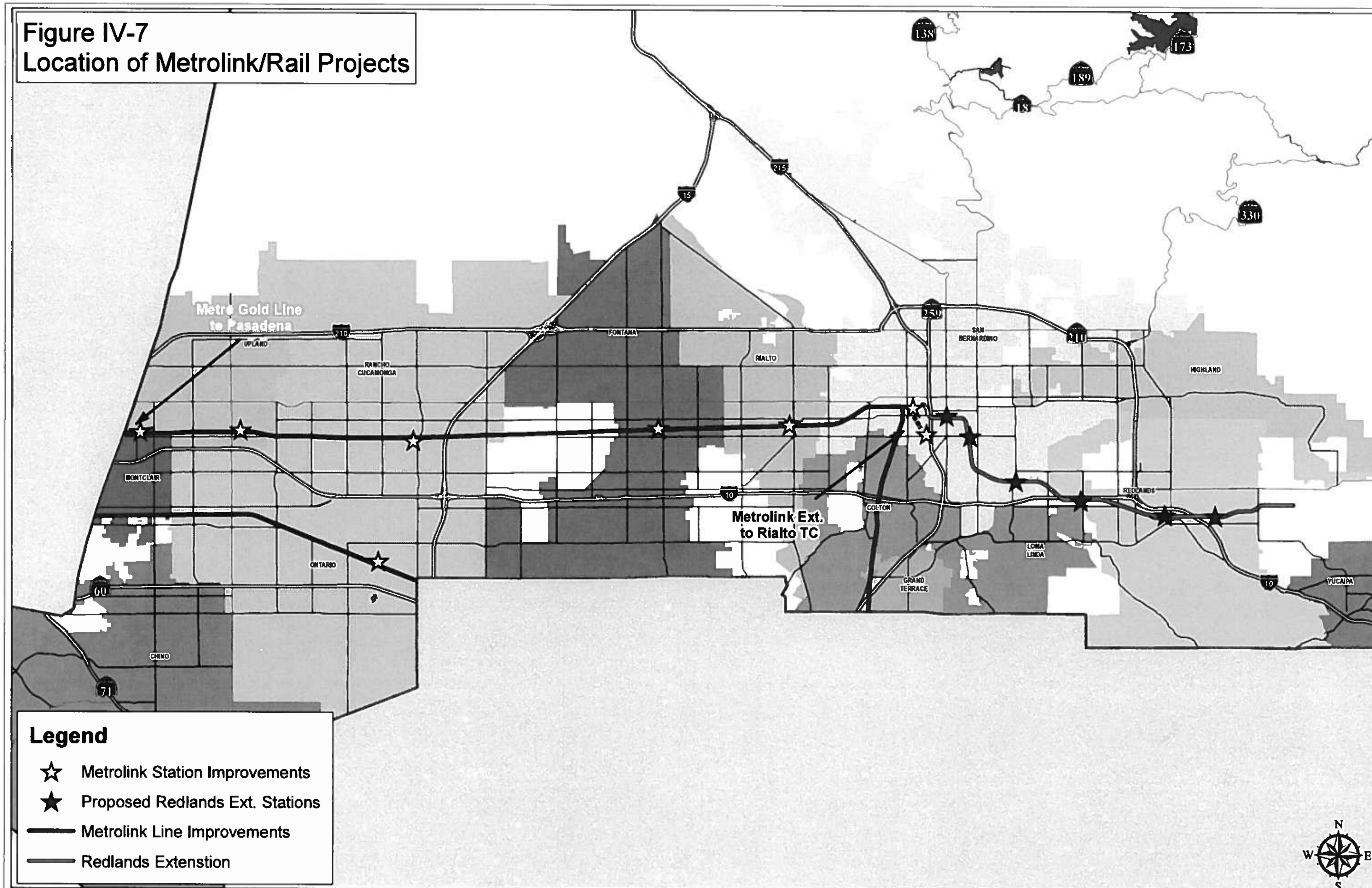
Eight percent (8%) of the revenue collected in the Valley Subarea shall be made available to the Metrolink/Passenger Rail Program. Eligible expenditures include: the purchase of expansion commuter rail passenger cars and locomotives for use on Metrolink lines serving San Bernardino County; construction of additional track capacity necessary to operate more Metrolink passenger trains; construction of Metrolink station expansion parking; provision of local funds to leverage State and Federal funds used to maintain the railroad track, signal systems, and road crossings; construction and operation of a new passenger rail service between the cities of San Bernardino and Redlands; and the construction and operation of an extension of the LA Metro Gold Line to the Montclair Transit Center. Figure IV-7 presents of the rail facilities in the Metrolink/Passenger Rail Program.

IV.B.7.b. Financial Analysis of Program

The basis for determining the cost of this program included information contained in the 2010-2030 Strategic Assessment prepared by the Southern California Regional Rail Authority (Metrolink). The Strategic Assessment was developed in 2006 and included preliminary cost estimates for the two projects named in the Expenditure Plan (Gold Line Extension and Redlands Passenger Rail). Due to financial constraints, many of the projects contained in the Metrolink plan for 2030 were extended out to 2040. The initial proposed program cost totaled over $3.1 billion. It is important to note that the proposed program did not include additional capital projects likely to be needed before 2040, such as the replacement of initial acquisition of Metrolink locomotives and passenger cars; the rehabilitation of the Metrolink Central Maintenance and Operations facilities; and the possible extension of the Gold Line to the Los Angeles/Ontario International Airport.

The projection of federal formula funds totaling $561.8 million (Section 5307 Fixed Guideway and 5309 Rail Modernization) are based on historical trends. A significant amount of CMAQ and STIP funds (totaling $364.6 million and $53.4 million) have been identified to support the acquisition of additional passenger rail cars, the construction of additional parking at the Metrolink stations and meet the Board's previous commitment to the Redlands passenger rail project. The use of CMAQ funds for transit purposes is consistent with the previous Board policy (approved April 2, 2003). The revenue forecast includes fifty percent (50%) FTA New Starts match for the Gold Line Extension to Montclair and $75 million from the FTA Small Starts match for the Redlands passenger rail project. Finally, the amount of LTF and STA included (totaling $193.5 and $120.2 respectively) is considered to be a reasonable expectation for rail capital purposes. Other minor funding is to be provided from the State Proposition 1B Public Transportation, Modernization, Improvement, and Surface Enhancement Account (PTMISEA) and the local Rail Asset Fund..

Figure IV-7
Location of Metrolink/Rail Projects



The initial forecast of total revenues available was $2.2 billion, resulting in a shortfall of nearly $900 million. The shortfall required the consideration of moving project scheduling and the elimination of some projects altogether, such as those involving the Inland Empire Orange County (IEOC) and Riverside Lines because of the inability to add passenger trains under the current agreements with the private railroads over which these two lines operate.

In July 2008 the Commuter Rail Committee provided direction for project scheduling and authorized the exploration of "pay-as-you-go" and financing scenarios. The Committee requested that, since the Gold Line Extension involves an approval of LA Metro that is by no means certain at this time, investment in this project be deferred until the completion of the Redlands passenger rail project. The result of the first scenario was presented to the Commuter Rail Committee in September 2008. This scenario required an unacceptable delay in the scheduled implementation of both the Redlands Passenger Rail and the Gold Line Extension Projects, extended the schedules for several of the Metrolink capital improvement projects, and required the elimination of others altogether. The financing scenario was presented to the Commuter Rail Committee in October 2008. It included the issuance of $220 million in bonds over four transactions between 2009 and 2019. Even with this scenario, the schedule for the Redlands Passenger Rail and Gold Line Extension were delayed another year and several of the proposed Metrolink capital improvements projects were dropped.

In October the Commuter Rail Committee recommended approving the re-scoping of the passenger rail program and prioritization of capital investments to allow for a financially feasible plan for delivering the Valley Metrolink/Passenger Rail Program. The Committee also recommended the use of bonding to accelerate the delivery of needed passenger rail projects with specific bonding proposals to be developed following the approval of the Measure I 2010-2040 Strategic Plan.

Table IV-5 provides an estimate of the amount of program funds (inflated) that will be made available over the thirty-year period (2010-2040).

Table IV-5. Estimated Measure I Revenues for Metrolink/Passenger Rail Program

San Bernardino Valley	2010-2040 Revenue Estimate
Metrolink/Passenger Rail Program	$940,000,000

IV.B.7.c. Valley Metrolink/Rail Program Policies

The Valley Metrolink/Passenger Rail Program framework has received conceptual approval by the Commuter Rail Committee. There is the recognition that, unlike the Valley Freeway or Interchange Programs where projects are constructed and then turned over to the State for maintenance, the adequate investment in the rehabilitation and renovation of the existing railroad infrastructure and equipment is a high priority for SANBAG. In addition, since the Metrolink stations are jointly owned by SANBAG and the cities, the provision of funding for the expansion of parking will be critical to insure continued growth in ridership. Contributions shall be sought from the local jurisdictions should special treatments or landscaping be desired as part of the station improvement project. The annual contribution of non-federal funds into the revenue equipment (locomotives and passenger cars) replacement fund at SCRRA is also important in order to avoid a much larger one-time contribution when the replacement of aging equipment comes up. These types of investments were all considered a priority by the Commuter Rail Committee early during the review of the Program.

As noted above, in October the Commuter Rail Committee recommended the re-scoping of the passenger rail program and the prioritization of capital investments contained in the financing scenario. The following parameters were considered as part of the development of the financing scenario:

- Federal transit formula funds (Sections 5307 Fixed Guideway and 5309 Rail Modernization) would be used primarily to support the Metrolink renovation and rehabilitation program.
- Local Transportation Funds, State Transit Assistance funds and Measure I Rail funds would be used to match federal formula funds.
- Congestion Mitigation Air Quality and State Transportation Improvement Program funds would be used to support the acquisition of new rolling stock (passenger cars and locomotives) and Metrolink/Passenger Rail station parking (new or expansion) as well as fulfilling prior SANBAG Board commitments to the Redlands passenger rail project.
- Bonds, totaling more than $220 million, would be issued four times over the next ten years.

The Committee also approved the following recommended priority for project delivery:

- Ongoing Rehabilitation and Renovation
- Phased Metrolink Station Improvements
- Ongoing Equipment Replacement Fund
- SCRRA 2010 San Bernardino Line Projects, Sealed Corridor and Extension of Metrolink to "E" Street.
- SCRRA 2015 San Bernardino Line Projects, LAUS Renovation, Eastern Maintenance Facility, Positive Train Control and Sealed Corridor
- Redlands Passenger Rail
- Metro Gold Line Extension to Montclair
- SCRRA 2020 San Bernardino Line Projects, LAUS Renovation, Eastern Maintenance Facility, Bridge over LA River, Shortway Double track, North Riverside Station, and Sealed Corridor
- SCRRA 2030 San Bernardino Line Projects
- SCRRA Rolling Stock 2020 and 2030[1]

A critical component to the allocation of funds to Metrolink line specific and system-wide projects will be agreement among the other SCRRA member agencies to participate financially with those projects. The extension of the Metro Gold Line will also require agreement with LA Metro to fund their portion of the extension and operate the service. Specific policies for the Valley Metrolink/Passenger Rail Program are listed in Part 2 of the Strategic Plan.

IV.B.7.d. Implementation Actions

The following actions are needed to implement the Valley Metrolink/Passenger Rail Program:

- Establish a monitoring system for the amount and availability non-Measure I revenues anticipated in the passenger rail program.
- Establish a project cost monitoring system to reflect potential changes as project development occurs.
- Develop a tracking system for the Valley Metrolink/Passenger Rail Program expenditures and revenues, integrated or interfaced with the SANBAG financial system.

[1] To be funded with CMAQ and STIP revenues

IV.B.8. Valley Express Bus/Bus Rapid Transit Program

IV.B.8.a. Scope of the Program

Within the first ten years of the Measure, two percent (2%) of the revenue apportioned to the Valley shall be made available for the development, implementation, and operation of express bus and bus rapid transit (BRT) jointly developed by the Authority and transit service agencies serving the Valley Subarea. Eligible projects shall include contributions to operating and capital cost associated with implementing high-speed, express-type bus service in high density corridors. Effective ten years following the initial collection of revenue, funding for this program shall increase to at least five percent (5%), but no more than ten percent (10%) upon approval by the Authority Board. Any additional funding provided for this program shall be drawn from the Valley Major Street Program. Amendments beyond those authorized for this Program shall require a formal amendment as provided by the ordinance.

IV.B.8.b. Financial Analysis

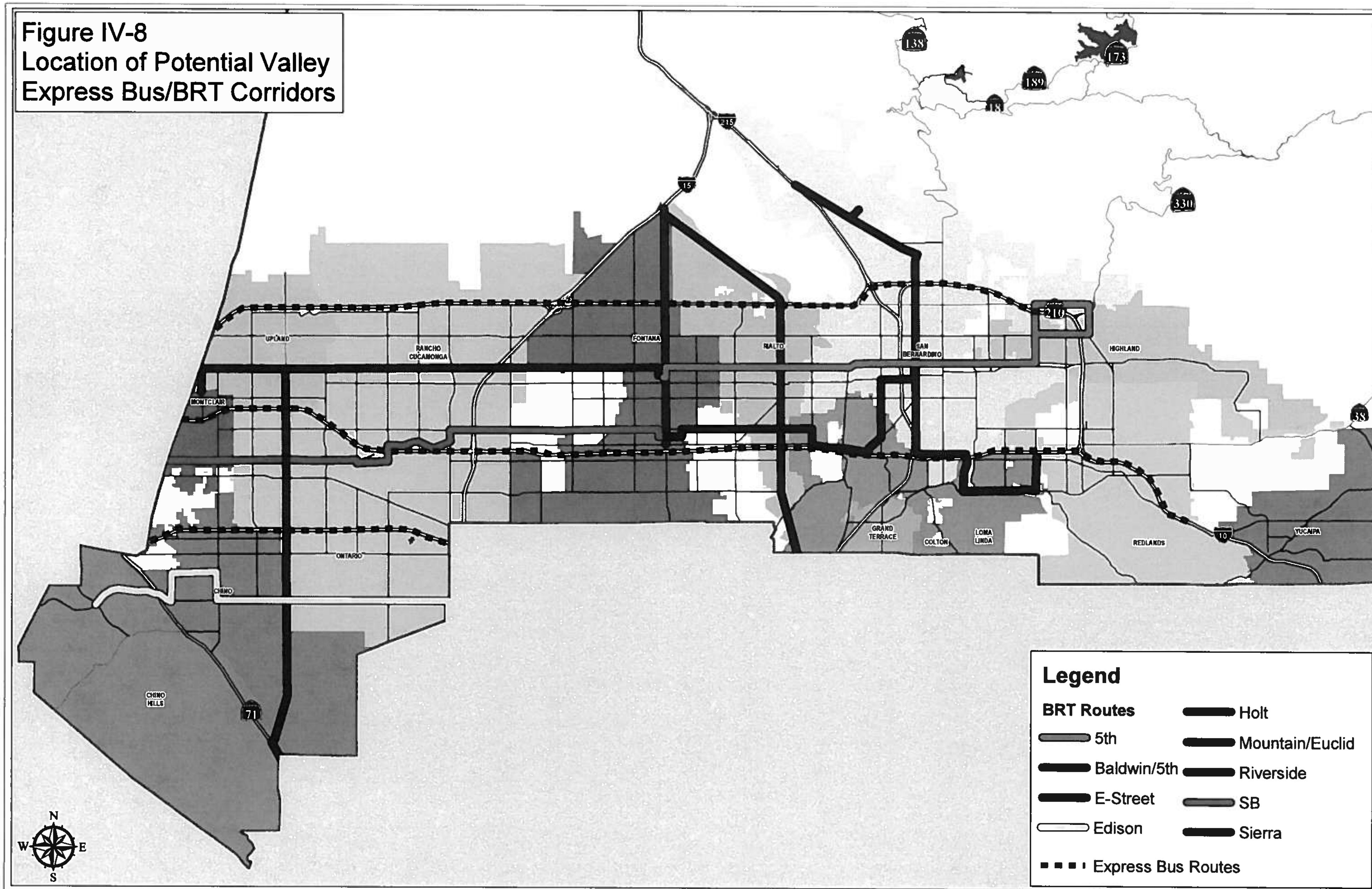
In July 2004 Omnitrans prepared a system-wide transit corridor plan for the San Bernardino Valley. The plan identified seven broad corridors through which a higher level of transit service, known as Bus Rapid Transit (BRT), would be considered. From that plan the "E"Street corridor was selected as the first corridor for which the required federal Alternatives Analysis (AA) phase would be conducted. The completion of the AA phase resulted in the selection of a Locally Preferred Alternative of BRT for the 16-mile corridor stretching from north of Cal State University to the VA Hospital in Loma Linda. Omnitrans submitted a grant application for this project under the Federal Transit Administration's (FTA) Small Starts Capital Investment Program. The grant was approved and Omnitrans has entered into the Project Development Phase. The preliminary cost estimate for the project is $163 million (2006 $'s).

SANBAG is in the process of completing the development of a Long Range Transit Plan (LRTP) for San Bernardino County. The transit network for the San Bernardino Valley has refined the initial seven broad corridors and added two more for a total of nine potential BRT corridors. The LRTP is considering the following corridors for BRT:

- "E" St. (from north of Cal State University to Loma Linda University/VA Hospital)
- Foothill Blvd. East (from Fontana Metrolink Station to Highland)
- Foothill Blvd. West (from the Montclair Metrolink Station to Fontana Metrolink Station)
- Euclid Ave. (from Foothill Blvd. in Upland to the Corona Metrolink Station)
- San Bernardino Ave. (from Fontana Kaiser Hospital to San Bernardino Transit Station)
- Holt Blvd./4th S. (from downtown Pomona Metrolink to Fontana Kaiser Hospital)
- Grand/Edison Ave. (from Cal Poly Pomona to Limonite Shopping Center)
- Sierra Ave. (from I-15 to Fontana Kaiser Hospital)
- Riverside Ave. (from Sierra Avenue to downtown Riverside)

Figure IV-8 presents a map of potential BRT corridors.

Figure IV-8
Location of Potential Valley
Express Bus/BRT Corridors



The combined length of the nine corridors is 131 miles. Should all nine corridors be found to be viable corridors, approximately $1.3 billion in 2006 dollars would be required. The FTA Small Starts grant programs could provide up to $75 million for each corridor or $675 million for all nine. Other revenue sources likely to be tapped for BRT projects include: FTA formula bus funds, CMAQ, State Transit Assistance, STIP PTA funds, Proposition 1B - PTMISEA, Local Transportation Funds, Measure I Valley Express Bus/Bus Rapid Transit, Traffic Management Systems, and Local Streets Projects, and private development contributions.

This program can also provide funding for supporting existing and new express bus service operating within or into the San Bernardino Valley. Omnitrans currently operates one express bus connecting the downtowns of San Bernardino and Riverside. However, Omnitrans has entered into several no-cost transit service cooperative agreements with other transit agencies operating into the Valley, such as Foothill Transit, Orange County Transportation Authority, Riverside Transit Agency and Mountain Area Regional Transit Agency. Consideration will be given to whether these agreements should be converted to a cost and revenue sharing agreement, especially if by doing so, the ratio of passenger revenue and local support for Omnitrans would be increased. SANBAG and Omnitrans will also need to confer periodically to determine whether new express bus services that might be established both within and into the Valley should be considered for funding from this Program.

Table IV-6 provides an estimate of the amount of program funds (inflated) that will be made available over the thirty-year period (2010-2040) at the 2%/5% and 2%/10% levels.

Table IV-6. Estimated Measure I Revenues for Express Bus/BRT Program

San Bernardino Valley	**2010-2040 Revenue Estimate**
Express Bus/BRT @ 2% and 5%	$530,000,000
Express Bus/BRT @ 2% and 10%	$1,010,000,000

IV.B.8.c. Valley Express Bus/BRT Program Policies

As this is a new expenditure program under the Measure I Extension, new policies have to be developed. The policies build upon the early considerations that have been made with respect to the implementation of the first BRT project in the Valley – the "E" Street *sbX* project and direction given by the Commuter Rail Committee in July 2008 and the Strategic Plan Ad Hoc Committee during its August 2008 meeting. Principally due to the limited amount of revenues made available during the first ten years, the consensus of both Committees is to initially treat this program as a "pay-as-you-go" program. Once the Board decides the extent of the increase in revenues directed to this program (2020), the consideration of expediting project delivery through possible financing options should be undertaken. With the adoption of the Omnitrans Fiscal Year 2008-2012 Short Range Transit Plan, the Board has committed revenues apportioned to this Program through Fiscal Year 2011-2012 to the "E" Street sbX project. The policies are included in Part 2 of the Strategic Plan as Policy 40000-VEB.

IV.B.8.d. Implementation Actions

The following actions will be necessary in order to implement the Valley Express Bus/Bus Rapid Transit Program:

- Within this program, there is no indication of what amount of funding should be made available for express bus or bus rapid transit projects. The Boards of SANBAG and Omnitrans may wish to consider establishing an overall threshold for each type of transit service.

- Currently, Omnitrans provides one express bus route (Route 215) connecting the downtowns of San Bernardino and Riverside. The ability of Omnitrans to implement additional express bus service may be limited because the proposed construction of HOV lanes on the freeway system within the Valley does not include provision of drop lanes (dedicated lanes connecting the HOV lane with significant local arterial streets). The lack of drop lanes means that buses using the HOV lanes would be required to merge across several conventional freeway lanes to exit and enter the HOV lanes – a difficult maneuver and one that would negatively impact service reliability.

- Omnitrans has several no-cost cooperative service agreements with other transit systems that offer express-type service to the Valley residents; such as Foothill Transit, Orange County Transit Authority, Riverside Transit Agency and the Mountain Area Regional Transit Authority. The potential exists to increase the number of transit agencies providing service from outlying areas within San Bernardino County into the Valley over time. The Board and Omnitrans may wish to reconsider the structure of these agreements to include a cost and revenue sharing, especially if an improvement to the Omnitrans farebox recovery ratio would be the result. A decision would need to be made as to whether the cost of providing express bus transit service into the San Bernardino Valley should, through revisions to the Omnitrans cooperative service agreements, be eligible for this funding program.

- Prior to selecting the "E" Street Corridor as the first BRT project, Omnitrans developed a System-wide Transit Corridor Plan for the San Bernardino Valley. The plan identified seven potential BRT corridors for possible future development. The preparation of a Long Range Transit Plan (LRTP), which is currently underway, is further refining the identification of up to nine future BRT corridors. Completion of the LRTP (expected by July 2009) should confirm a number of BRT corridors that would be eligible for funding under this program. There will be a need to periodically review the list of possible BRT corridors and, if necessary, expand the list over time to include newly identified potential corridors.

- The SANBAG Board of Directors and Omnitrans will need to agree upon the criteria to be used in prioritizing the implementation of future *sbX* corridors.

IV.B.9. Valley Senior and Disabled Transit Program

IV.B.9.a. Scope of the Program

Within the Valley subarea, the amount of Measure I revenue apportioned to this program will be eight percent (8%) of which a minimum of two percent (2%) shall be directed to the creation and operation of a Consolidated Transportation Services Agency (CTSA) that will be responsible for the coordination of social service transportation for elderly individuals, individuals with disabilities and families of limited financial means. The remaining six percent (6%) may be expended to reduce fares and enhance transit service for elderly individuals and individuals with disabilities. The expenditure of this program funding shall be approved by the Authority Board of Directors.

IV.B.9.b. Financial Analysis of Program

Table IV-7 provides an estimate of the amount of program funds (inflated) that will be available over the thirty-year period (2010-2040).

Table IV-7. Estimated Measure I Revenues for Valley Senior and Disabled Transit Program

San Bernardino Valley	2010-2040 Revenue Estimate
CTSA	$235,000,000
Fare Subsidy and/or Service Enhancement	$709,000,000
Total	**$944,000,000**

IV.B.9.c. Program Policies

The policy framework for this program includes the policies previously adopted by the Authority Board of Directors for the 1990–2010 Measure I program. However, because the new program includes a provision for funding a CTSA function, additional policies are needed. The policies are included in Part 2 of the Strategic Plan as Policy 40000-VSDT.

IV.B.9.d. Implementation Actions

The following actions will be necessary in order to implement the Valley Senior and Disabled Transit Program:

- The formation of the Valley Consolidated Transportation Services Agency (CTSA) is a critical step that should be completed before the new program begins. The legislative intent authorizing the formation of a CTSA is to improve transportation service required by social service recipients by promoting the consolidation of social service transportation so that the following benefits may accrue: (1) combined purchasing of necessary equipment; (2) adequate training of vehicle drivers; (3) centralized dispatching of vehicles; (4) centralized maintenance of vehicles; (5) centralized administration of various social service transportation programs; and (6) consolidation of existing financial resources. Pursuant to Section 6680 of the Code of Regulations, the SANBAG Board of Directors, acting as the county transportation commission, shall designate the CTSA. The CTSA may be (a) a public agency, (b) a common carrier (c) a private entity operating under a franchise or license, or (d) a non-profit corporation. A study of possible CTSA options will begin in Fiscal Year 2008/2009.

- Beginning in Fiscal Year 2008/2009, Omnitrans will be require to prepare a five-year Short Range Transit Plan (SRTP) that will identify operations characteristics and capital projects over the planning period of Fiscal Year 2009/2010 through 2013/2014. The SRTP must be a financially constrained plan that anticipates the amount of federal, state and local funds, including Measure I Senior and Disabled Program funds, necessary to support the planned level of transit service and capital improvement program for the five-year period. The SRTP will provide the basis for determining the amount of Measure I Senior and Disabled Program funds that will be available to Omnitrans and for what purpose. The SRTP will be updated every other year. Traditionally, Omnitrans has received funding under this program for fare subsidies and service subsidies for its ADA complementary paratransit service (Access).

- In addition to making these funds available for fare subsidies and enhanced transit services for elderly individuals and individuals with disabilities, a portion of the program funding has been set aside to support education and mediation service and scholarships for attending the biannual Transit and Paratransit Management Certificate Program offered by the University of the Pacific. It is anticipated that these types of support services will continue with the new Measure I program.

- The development of a revenue and expenditure tracking system for this program will be necessary. Financial auditing and compliance requirements will need to apply to any recipient of these funds.

IV.B.10. Valley Traffic Management Systems Program

IV.B.10.a. Scope of the Program

The Measure I 2010-2040 San Bernardino Valley Expenditure Plan states that "2% of revenue collected in the Valley Subarea shall fund traffic management systems." The Measure specifically defines a non-comprehensive list of eligible projects under this category. The projects include signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, and projects which contribute to environmental enhancement associated with transportation facilities. Additional project types that are consistent with traffic management systems and environmental enhancement include corridor greenbelts, HOV inducements, bike and pedestrian trails, open space development, and air quality-related inducements, including alternate fuel programs.

IV.B.10.b. Financial Analysis of Program

The Traffic Management Systems Program is estimated to have access to $100 million in Measure I 2010-2040 revenue over the 30-year life of the Measure, in 2008 dollars. The amount is not intended to deliver sizable infrastructure projects. Instead, the Traffic Management Systems Program funds are to provide "seed money" to support transportation planning, creation of transportation management programs, implementation of traffic operational improvements on regional facilities, and environmental enhancements. The Traffic Management System Program funding can be used to strategically leverage State, federal, local and private funding. The allocation of Valley Traffic Management Systems funds will occur on a case-by-case basis as needs are recognized. Allocations will generally occur through recommendations by either the Major Projects or Planning and Programming Committee and approval by the SANBAG Board and/or through the annual SANBAG budgeting process.

IV.B.10.c. Valley Traffic Management Program Policies

Policies for the Traffic Management Systems Program are provided in Part 2 of the Strategic Plan as Policy 40000-VTMS.

IV.C. Victor Valley Subarea Programs

IV.C.1. Victor Valley Local Street Program

IV.C.1.a. Scope of the Program

The Local Street Program of the Victor Valley Subarea of the Mountain/Desert is funded by 70% of the Measure I 2010-2040 revenue collected within the subarea. 2% of this revenue shall be reserved in a special account to be expended on Project Development and Traffic Management Systems. The policies and procedures for the Project Development and Traffic Management Systems Program can be found in IV.C.4 of this Strategic Plan.

Projects in the Victor Valley Local Street Program are defined by the Measure I Ordinance "as local street and road construction, repair, maintenance and other eligible local transportation priorities." Moreover, the Measure specifies that Local Streets Program funds "may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities." Finally, expenditure of Local Streets Program funds shall be based upon a Five Year Capital Improvement Plan adopted annually by action (either by resolution or minutes) of the governing body of each jurisdiction after being made available for public review and comment as part of the publication of the jurisdictions City Council/Board of Supervisors agenda. Local Street Program funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Capital Improvement Plan, which shall be consistent with other local, regional, and state transportation plans.

The jurisdictions included in the Victor Valley Subarea are: The Cities of Adelanto, Hesperia and Victorville, the Town of Apple Valley, and the County of San Bernardino.

IV.C.1.b. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for the Victor Valley Subarea over a thirty-year period are estimated to be $1.076 billion. Revenue estimates are not binding or controlling.

Seventy percent of the Measure I revenue in the Victor Valley Subarea shall be apportioned directly to local jurisdictions for local street projects, minus 2% of that revenue, which shall be reserved in a special account to be expended on Project Development and Traffic Management Systems projects. It is estimated that the Local Street Program will generate approximately $750 million over the thirty-year period of Measure I.

After reservation of 2% for the Victor Valley Project Development and Traffic Management Systems Program, the remainder of the funding in the Local Streets Program shall be allocated to local jurisdictions based upon the jurisdiction's proportional share of the subarea population to the total subarea population (50 percent) and the point of origin of the sales tax generation (50 percent). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within the subarea shall be determined by the County of San Bernardino Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon State Board of Equalization data.

Measure I 2010-2040 requires that "no revenue generated from the tax shall be used to replace the fair share contributions required from new development." Each jurisdiction in the urbanized Victor Valley was required to participate in the SANBAG Development Mitigation Program. The jurisdictions required to participate in the Development Mitigation Program within the urbanized Victor Valley are the Cities of Adelanto, Hesperia, Victorville, Town of Apple Valley their unincorporated spheres of influence. Each jurisdiction was required to adopt a development mitigation financing mechanism within 24 months following approval of the Measure, and each jurisdiction complied with this requirement. The requirements of the SANBAG Development Mitigation Program are contained in Chapter 4 and Appendices J and K of the Congestion Management Program.

As part of the Victor Valley Expenditure Plan prepared for the Measure I 2010-2040 Ordinance, $281 million of development contributions were anticipated as part of the Victor Valley Local Street Program. The actual amount of development mitigation to be available for leveraging the Victor Valley Local Street Program will vary, however, based on the projects to be delivered by the local jurisdictions throughout the life of the Measure. The requirements of implementation of the development mitigation component of the Victor Valley Local Street Program are contained in Policy 40000-VVLS and the SANBAG Congestion Management Program.

IV.C.1.c. Program Policies

The Victor Valley Local Street Program policies are designed to provide a framework for administration of the Local Street Program. The policies establish the funding allocation process and the requirements for the related five year plan required of each jurisdiction. The detailed policies are listed in Part 2 of the Strategic Plan under policy 40000-VVLS Victor Valley Local Street Program.

IV.C.1.d. Implementation Actions

The following actions need to be taken to implement the Victor Valley Local Street Program based on Policy 40000-VVLS:

- Annually, SANBAG establishes the population figures for each jurisdiction in the Victor Valley Subarea based on the State Department of Finance population estimate as they become available, retroactive to January 1 of that year.

- Quarterly, SANBAG establishes the tax generation figure for each jurisdiction based upon figures provided by the State Board of Equalization.
- Annually, each jurisdiction in the Victor Valley Subarea develops a Five Year Capital Improvement Plan for Local Street Projects that is consistent with local, regional, and state transportation plans.

IV.C.2. Victor Valley Major Local Highways Program

IV.C.2.a. Scope of the Program

The Major Local Highways Program of the Victor Valley Subarea of the Mountain/Desert is funded from 25% of the Measure I 2010-2040 revenue collected within the subarea. This amount "shall be reserved in a special account to be expended on Major Local Highway projects of benefit to the subarea." In addition, the Measure I Ordinance defines a Major Local Highway projects as "major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate." Finally, Major Local Highway (MLH) Program funds are able to be utilized for leveraging other State and federal funds for transportation projects and to perform advance planning/project reports.

The Victor Valley Subarea representatives and Mountain/Desert Committee have endorsed and the SANBAG Board has approved a list of candidate MLH projects to be funded by Victor Valley MLH Program funds, pursuant to Policy 40000-VVMLH, included in Part 2 of the Strategic Plan. The Victor Valley MLH candidate projects are included in Figure IV.9. The Victor Valley MLH Program will fund an approximately equivalent value of projects for each of the jurisdictions in the Victor Valley Subarea over the life of the Measure. Jurisdictions may exceed their equivalent share during periods of the Measure, but the allocation recommendation by the Victor Valley Subarea representatives and Mountain/Desert Committee shall be made with the objective of providing some degree of access to funding to each jurisdiction during each ten-year period of the Measure.

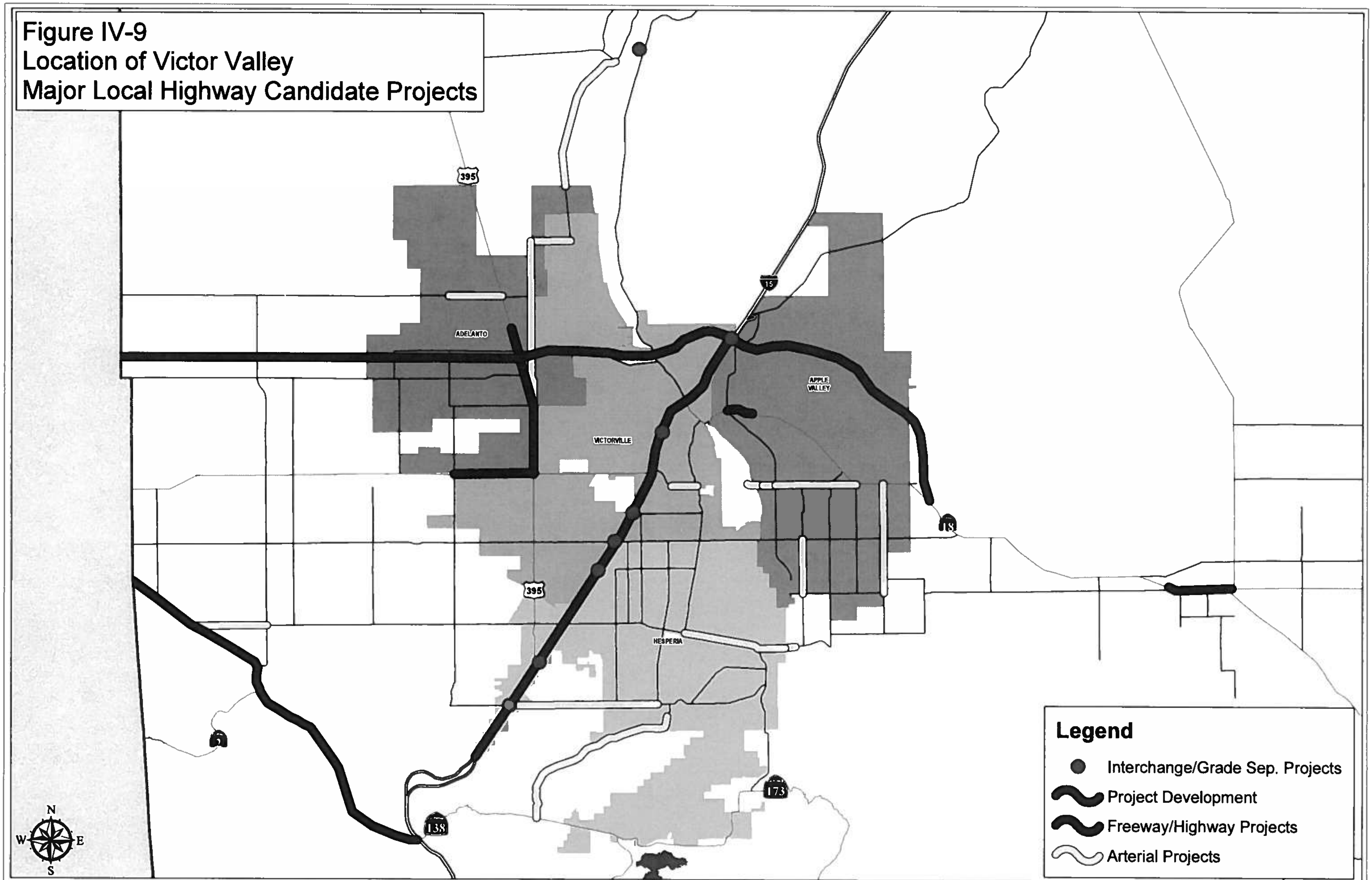
Needs Analysis, Allocation and Expenditure Process

Step 1: Identification of Needs

The first step in the administration of the Measure I 2010-2040 Victor Valley MLH Program is the annual identification of the projected cash demand for the program and estimation of the revenue expected to be available from all sources that may contribute to project funding. The principal tool that is used to determine project and program funding needs is the Capital Projects Needs Analysis (CPNA).

Capital Projects Needs Analysis: By September 30 of each year, local jurisdictions submit a five-year CPNA for the Victor Valley MLH Program. The CPNAs cover a five year prospective period that commences the following state fiscal year. The needs analysis for the MLH Program can be prepared in a simple tabular format that documents project need by fiscal year and includes anticipated funding sources, funding amounts and project phasing where appropriate. The CPNA serves as the basis for deliberation by Victor Valley subarea representatives regarding projects for which MLH fund allocations are being requested by the jurisdictions. The needs analysis also demonstrates the availability of the development mitigation fair share funds as required per the SANBAG Development Mitigation Program. Approval of a jurisdiction's CPNA by the City Council/Board of Supervisors is required prior to the September 30 submittal date.

Figure IV-9
Location of Victor Valley
Major Local Highway Candidate Projects



Step 2: Fund Allocation

The second step in the administration of the Victor Valley MLH Program is the annual allocation of Measure I, State and federal revenue to the program. The fund allocation process has two components, the preparation of an annual cash flow analysis and the preparation of a fund allocation recommendation.

Cash Flow Analysis: Annually, SANBAG prepares a cash flow analysis that compares projected revenues and expenses for Victor Valley MLH Program to inform the Victor Valley Subarea representatives and the Mountain/Desert Committee during the fund allocation process. The cash flow analysis includes the information contained in the CPNAs prepared for the Victor Valley MLH Program and projected funding sources anticipated to be available within a five year planning horizon. All projected State, federal and private funds are included in the annual cash flow analysis. The State and federal funds included in the cash flow analysis are directed to the Victor Valley MLH Program in accordance with SANBAG policy.

The goal of the cash flow analysis is to match revenue projections and program cash demands over the five year period, with the emphasis placed on the first year of the five year planning horizon. For situations where cash demand exceeds revenue projections, the cash flow analysis serves as the basis for evaluation of agency bonding needs or the reduction of MLH funding requests.

Allocation Recommendation: The Victor Valley Subarea representatives, Mountain/Desert Committee and SANBAG Board have full discretion over the allocation of Measure I 2010-2040 revenue to jurisdictions in the Victor Valley MLH Program. Therefore, on a year-by-year basis individual jurisdictions may not have access to their "equivalent share," but each jurisdiction shall receive approximately equivalent shares of the funding over the life of the Measure, as adjusted for the time-value of money. In addition, allocation decisions shall be made with the objective of providing some degree of access to MLH funds to each jurisdiction during each ten year period of the Measure. The assurance that each jurisdiction will receive an approximately equivalent share of the funding is provided by monitoring program expenditures and making adjustments based on the time-value of money. The time-value of money calculation guarantees that jurisdictions with heavy draws on cash in the early years of the Measure will not be advantaged over jurisdictions with cash demands later in the Measure.

The information contained in the cash flow analysis contains the information used as the basis for SANBAG staff's MLH Program allocation recommendation. The allocation recommendation begins with a presentation of a draft recommendation to the Victor Valley Subarea representatives for review by December each year. At a minimum, the cash flow analysis and allocation recommendation contains the following considerations:

- All Victor Valley MLH Program needs
- Project Advancement and Advance Expenditure Agreements
- Bond or other debt service obligations
- Revenue committed to projects or programs in previous allocation cycles

- Ability to leverage additional State, federal and private funding sources
- Jurisdiction access to MLH funding during each 10 year period of the Measure

The SANBAG Board approves the fund allocation for the Victor Valley programs by March of each year.

Local jurisdictions that wish to deliver projects in excess of the resources allocated to the jurisdiction in the fund allocation decision may deliver projects in accordance with the provisions in the Advance Expenditure Process contained in IV.C.2.b. The Measure I MLH funds allocated to Measure I projects are used in Step 3 to prepare agreements with local jurisdictions governing the expenditure of Measure I funds.

Step 3: Expenditure

The third step in the Measure I 2010-2040 Victor Valley MLH Program process is the expenditure of funds. The expenditure of funds will not occur until the SANBAG Board has allocated funds to a project as outlined in steps 1 and 2 above.

Each local jurisdiction that receives an allocation of Victor Valley MLH funds is required to execute a Project Funding Agreement before the reimbursable expenditure of funds can occur. The Project Funding Agreement is a cooperative agreement between SANBAG and the agency sponsoring a Victor Valley MLH project. The Project Funding Agreement establishes roles, responsibilities and financial commitments for each agency involved in the agreement. One agreement is executed between SANBAG and the sponsoring agency for the entire project. Each agreement contains the scope, public share commitment and development mitigation commitment for the phase of the project in receipt of an allocation of funding. As future phases of the project are awarded public share funding, subject to the allocation process overseen by the committees and the SANBAG Board, the agreement is amended to specify project scope, public share and development mitigation commitments. Both the City Council/Board of Supervisors representing the sponsoring agency and SANBAG must approve the Project Funding Agreement and each subsequent amendment.

For any projects with more than one local jurisdiction involved, the sponsoring agency is required to provide a copy of a fully executed Development Mitigation Cooperative Agreement to be included in the Project Funding Agreement. The Development Mitigation Cooperative Agreement provides guarantees by the lead agency prior to any expenditure of Measure I MLH funds on a project that the requisite amount of development mitigation is available from all contributing agencies as outlined in the Nexus Study. Each City Council/Board of Supervisors representing a contributing agency is required to participate in the Development Mitigation Cooperative Agreement prior to the approval of the Project Funding Agreement., or the sponsoring agency may provide the entire development mitigation commitment on its own.

Following execution of a Project Funding Agreement by SANBAG and local jurisdiction City Council/Board of Supervisors, local jurisdictions may begin the expenditure of Measure I MLH funds. The allocated amounts of funding are expended on projects in accordance with the provisions specified in the executed agreement(s). The Victor Valley MLH Program is administered as cost reimbursement programs, subject to the provisions of Policy 40000-VVMLH. Reimbursements by SANBAG occur for projects up to the public share amount identified in the Project Funding Agreement. Amounts of public share submitted for reimbursement in excess of the amount identified in the allocation agreements may be eligible for reimbursement through the Advance Expenditure process described in Section IV.C.2.b, subject to recommendation by the subarea representatives and the Mountain/Desert Committee and to SANBAG Board approval. Reimbursement will not occur for increased or expanded scope of work or projects not contained in the funding agreements.

IV.C.2.b. Project Advancement and Advance Expenditure Processes as Applied to the Victor Valley Major Local Highways Program

The Project Advancement (PA) and Advance Expenditure (AE) Processes apply in the Victor Valley only to the Major Local Highways Program. The Project Advancement Process is discussed first, followed by the Advance Expenditure process.

Project Advancement Process for the Victor Valley

Following the passage of Measure I 2010-2040 in November 2004, several member agencies indicated a desire to advance shelf-ready or near-shelf-ready freeway interchange, overcrossing, or arterial projects consistent with the new Expenditure Plan. After considerable deliberation, in December 2005 the SANBAG Board approved a strategy to advance SANBAG Nexus Study interchange, arterial, and grade separation projects to construction with local funds prior to 2010, with provision for reimbursement of the public share of the cost from the applicable Measure I 2010-2040 program at a time to be determined through the Strategic Plan. The Board also directed that reimbursement funding would be limited to no more than 40 percent of the revenue apportioned to the applicable Measure I program so as to retain some funding for new projects. A model interagency Project Advancement Agreement (PAA) was approved by the Board in April 2006.

Following the approval of the model interagency PAA by the SANBAG Board, all member agencies were permitted to enter into PAAs with SANBAG. Victor Valley Subarea jurisdictions are permitted to enter into PAAs with SANBAG until July 1, 2009. As of December 2008, one advancement agreement has been executed in the Victor Valley Subarea – the I-15/Ranchero Road interchange in the City of Hesperia – for a total commitment of $8,598,000. The Ranchero Road Interchange PAA is to be reimbursed from the Victor Valley Major Local Highways Program. Pursuant to the PAA, the City is eligible for reimbursement up to a maximum rate of 40% of the revenue collected in the Victor Valley Major Local Highway (MLH) Program annually. However, the specific reimbursement policy was to be established through the Strategic Plan.

The Victor Valley Subarea has developed a candidate project list for use of Victor Valley MLH funds as part of the Strategic Plan. The candidate project list was developed with an understanding that the five local jurisdictions would receive an approximately equivalent share of Major Local Highway funding over the thirty year life of the Measure. However, the policies governing the MLH Program also state that the resources are to be pooled to maximize the use of funds. The Victor Valley Subarea has identified several priority projects to be delivered by the MLH Program at the outset of the Measure. Several projects may be bond-funded, and others may be "pay-as-you-go" projects.

Bond financing of projects has an impact on the availability of MLH funds in the Victor Valley. However, the Victor Valley jurisdictions also acknowledge the commitment of funds to the repayment of any PAAs. Policy 40000-VVPA&AE commits 20% of the annual revenue from the Victor Valley MLH Program to any jurisdiction holding a PAA until the PAA is reimbursed in full. The policy would commit that percentage to any Victor Valley jurisdictions executing a PAA by July 1, 2009.

Advance Expenditure Process for the Victor Valley

The Advance Expenditure process is established to provide reimbursement or credit to local jurisdictions that are willing to deliver Nexus Study projects or projects on the Victor Valley MLH candidate project list with local resources in advance of an allocation of Measure I funds. Local jurisdictions that wish to take advantage of this option may request to be reimbursed for the public share of an advanced project's cost at such time as Measure I funds are available through the applicable program. Alternatively, the local jurisdiction may request to have the public share cost credited toward an equal development share cost for one or more subsequent projects, so long as the credited funds are from development-based sources.

A jurisdiction that does not receive an allocation of Victor Valley MLH Funding when it wishes to initiate a project may begin development under the AE process subject to a recommendation of the subarea representatives and the Mountain/Desert Committee and to SANBAG Board approval. Sponsoring agencies that wish to utilize the AE process for a project must execute an Advance Expenditure Agreement (AEA) with SANBAG prior to the expenditure of funds to be reimbursed or credited pursuant to this AE process. Any funds expended by a local jurisdiction on a project prior to the execution of the AEA will not be eligible for reimbursement or credit. Repayment of an advanced project must fit within the annual apportionment and allocation plan to be recommended by the subarea representatives and Mountain/Desert Committee and approved by the SANBAG Board.

The AEA establishes agency roles, responsibilities and financial commitments. One agreement will be executed between SANBAG and the sponsoring agency for the entire project. The agreement contains the scope of work, development mitigation commitment and public share of the cost to be reimbursed by SANBAG.

Reimbursement of advance expenditures will be considered in the annual apportionment process by the SANBAG Board so that jurisdictions will have an estimate of the reimbursement available for budgeting purposes for the coming fiscal year. Credit to be applied to a subsequent project may only be reimbursed when the subsequent project is authorized for activity by the SANBAG Board, based on a recommendation of priorities specified by the Victor Valley Subarea representatives and the Mountain/Desert Committee.

IV.C.2.c. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for the Victor Valley Subarea over a thirty-year period are estimated to be $1.076 billion. Revenue estimates are not binding or controlling.

Twenty-five percent of the revenue collected within the subarea from Measure I shall be reserved in a special account to be expended on MLH Program of benefit to the subarea." It is estimated that the Major Local Highways Program will generate $269.1 million over the thirty-year period of Measure I. Expenditure of MLH Program funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee as outlined above. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

Measure I 2010-2040 requires that "no revenue generated from the tax shall be used to replace the fair share contributions required from new development." Each jurisdiction in the urbanized Victor Valley was required to participate in the SANBAG Development Mitigation Program. The jurisdictions required to participate in the Development Mitigation Program within the urbanized Victor Valley are the Cities of Adelanto, Hesperia, Victorville, Town of Apple Valley their unincorporated spheres of influence. Each jurisdiction was required to adopt a development mitigation financing mechanism within 24 months following approval of the Measure, and each jurisdiction complied with this requirement. The requirements of the SANBAG Development Mitigation Program are contained in Chapter 4 and Appendices J and K of the Congestion Management Program.

As part of the Victor Valley Expenditure Plan prepared for the Measure I 2010-2040 Ordinance, $88 million of development contributions were anticipated as part of the Victor Valley MLH Program. The actual amount of development mitigation to be available for leveraging the Victor Valley MLH Program will vary, however, based on the projects delivered by the local jurisdictions throughout the life of the Measure. The requirements of implementation of the development mitigation component of the Victor Valley MLH Program are contained in Policy 40000-VVMLH and the SANBAG Congestion Management Program.

IV.C.2.c. Program Policies

The Victor Valley MLH Program policies are designed to provide a framework for administration of the program. The policies establish the identification of need, fund allocation and expenditure process. The detailed policies are listed in Part 2 of the Strategic Plan under policy 40000-VVMLH.

IV.C.2.d. Implementation Actions

The following actions need to be taken to implement the Victor Valley Major Local Highways Program based on the attached Policy 40000-VVMLH:

- Development of a model Project Funding Agreement between SANBAG and local jurisdictions for the Victor Valley MLH Program.
- Development of apportionment and expenditure tracking system for the MLH Program expenditures and revenue, integrated or interfaced with the SANBAG financial system.

IV.C.3. Victor Valley Senior and Disabled Transit Program

IV.C.3.a. Scope of the Program

Within the Victor Valley, the amount of Measure I revenue apportioned to this program is initially set at five percent (5%), and shall increase by five tenths of a percent (0.5%) every five years thereafter to a maximum of seven and a half percent (7.5%). Such increases shall automatically occur unless each local jurisdiction within the subarea makes a finding that such an increase is not required to address the unmet transit needs of elderly individuals and individuals with disabilities. All increases above the initial five percent (5%) shall come from the general Victor Valley Local Street Program.

Funds made available under this program shall be used to enhance transit services provided to or provide fare subsidies to elderly individuals and individuals with disabilities. The expenditure of this program funding shall be approved by the Authority Board of Directors, based upon the recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee.

IV.C.3.b. Program Financial Analysis

Table IV-8 provides an estimate of the amount of program funds (in 2008 $'s) that will be available over the thirty-year period (2010 to 2040) by subarea.

Table IV-8.
Estimate of Victor Valley Senior and Disable Transit Funds
For the Victor Valley Subarea

Subarea	Measure I 2010-2040 Revenue Estimate
Victor Valley	$71,000,000

IV.C.3.c. Program Policies

The policy framework for this program follows the policies previously adopted by the Authority Board of Directors for the Measure I 1990-2010 Senior and Disabled Transit Program. The policies include maintenance of effort requirements and guidelines for the expenditure of the program funds. The policies are included in Part 2 of the Strategic Plan under Policy 40000-VVSDT.

IV.C.3.d. Implementation Actions

The following actions are necessary for implementation of the Victor Valley Senior and Disabled Transit Program:

- Beginning in Fiscal Year 2008/2009, the Victor Valley Transit Authority (VVTA) is required to prepare a five-year Short Range Transit Plan (SRTP) that identifies operational characteristics and capital projects over the planning period of Fiscal Year 2009/2010 through 2013/2014. The SRTP must be a financially constrained plan that anticipates the amount of federal, state and local funds, including Measure I Senior and Disabled Program funds, necessary to support planned level of transit service and capital improvement program for the five-year period. The SRTP provides the basis for determining the amount of Measure I Senior and Disabled Program funds that is made available to the VVTA and for what purpose. The SRTP shall be updated every other year.
- In addition to the VVTA, it may be determined that the formation of a Consolidated Transportation Services Agency (CTSA) may be desired to coordinate the delivery of social service transportation within the Victor Valley. In addition, an individual jurisdiction (city, county or town) may desire to use these funds to support non-traditional transit services to elderly individuals and individuals with disabilities. In either case, it is important that such services be coordinated with the VVTA.
- Unlike the 1990-2010 Measure I Program, the 2010-2040 Program will not be apportioning and disbursing the Senior and Disabled Program funds to each jurisdiction. Instead, the funds will be apportioned to the Victor Valley Subarea and the jurisdiction representatives within the subarea as well as the Mountain/Desert Committee and Authority Board of Directors will need to agree on the annual amounts to be expended. It is anticipated that because the subarea jurisdictions are also represented on the VVTA governing board, the adoption of the SRTP will suffice. One area where this is not the case is where the County of San Bernardino is using a portion of its funds to pass through to the Department of Aging and Adult Services (DAAS) for a volunteer mileage reimbursement program, known as Transportation Reimbursement Escort Program (TREP). TREP is offered in some of the more isolated rural communities (Lucerne Valley). A decision as to whether the TREP should be folded into the VVTA or a future CTSA or remain independent and managed by the county is needed.
- The development of revenue and expenditure tracking system for the Victor Valley subarea will be necessary. Should all of these program funds flow through the VVTA or one of the local jurisdictions (city, county or town), the scope of the required annual fiscal and compliance audit should be revised to include the receipt and expenditure of the Measure I Senior and Disabled Program funds. If the County's TREP remains an independent operation or a CTSA is formed, then the audit of the DAAS and/or the CTSA would need to include the receipt and expenditure of the Measure I Senior and Disabled Program funds.

IV.C.4. Victor Valley Project Development and Traffic Management Systems

IV.C.4.a. Scope of the Program

The Project Development and Traffic Management Systems program is funded by 2% of the revenue collected within the Victor Valley Subarea and reserved in this special account. Eligible Project Development and Traffic Management Systems projects may include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and programs which contribute to environmental enhancement associated with highway facilities.

IV.C.4.b. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for the Victor Valley Subarea over a thirty-year period are estimated to be $1.076 billion. Revenue estimates are not binding or controlling.

The Project Development and Traffic Management Systems program is funded by 2% of the revenue collected within the Victor Valley Subarea and reserved in this special account. This 2% is reserved from the 70% Local Street Program category. It is estimated that the Project Development and Traffic Management Systems Program will generate $21.5 million over the thirty year period of Measure I. Expenditure of Project Development and Traffic Management Systems funds shall be approved by the Authority Board of Directors, based upon a recommendation of the Victor Valley Subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Project Development and Traffic Management Systems funds are not required for improvements of benefit to the subarea, then revenue in the Project Management and Traffic Management Systems category may be returned to the general Local Street Program. Such return shall be allocated and expended based upon the formula and requirements established in the Victor Valley Local Street Program.

As of the preparation of the Strategic Plan, one financial commitment of resources from the Victor Valley PDTMS Program has been made in an amount not to exceed $250,000 to fund the Victor Valley share of the SANBAG Freeway Corridors Toll Feasibility Study. The Victor Valley share of the Freeway Corridors Toll Feasibility Study is being funded by a loan of Measure I 1990-2010 funds and the loan will be repaid by the Victor Valley Subarea from the PDTMS account as funding is available.

IV.C.4.c. Program Policies

The Victor Valley Project Development and Traffic Management Systems policies are designed to provide a framework for administration of this category of funds. The policies establish the funding allocation process. The detailed policies are listed in the attached appendix under policy 40000-VVPDTMS Victor Valley Project Development and Traffic Management Systems Program.

IV.C.4.d. Implementation Actions

The following actions need to be taken to implement the Victor Valley Project Development and Traffic Management Systems based on the attached Policy 40000-VVPDTMS

Development of apportionment and expenditure tracking system for the Project Development and Traffic Management Systems projects expenditures and revenue, integrated or interfaced with the SANBAG financial system.

IV.D. Rural Mountain/Desert Subarea Programs

IV.D.1. Rural Mountain/Desert Local Street Program

IV.D.1.a. Scope of the Program

The Local Street Program of the Colorado River, Morongo Valley, Mountain, and North Desert Subareas of the Mountain/Desert Area is funded by 70% of the Measure I 2010-2040 revenue collected within the subarea. 2% of this revenue shall be reserved in a special account to be expended on Project Development and Traffic Management Systems.

Projects in the Local Street Program are defined by the Measure I Ordinance "as local street and road construction, repair, maintenance and other eligible local transportation priorities." Moreover, the Measure specifies that Local Streets Program funds "may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities." Finally, expenditure of Local Streets Program funds shall be based upon a Five Year Capital Improvement Plan adopted annually by action (either by resolution or minutes) of the governing body of each jurisdiction after being made available for public review and comment as part of the publication of the jurisdictions City Council/Board of Supervisors agenda. Local Street Program funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Capital Improvement Plan, which shall be consistent with other local, regional, and state transportation plans.

The jurisdictions included in these subareas are as follows:

- Colorado River Subarea: City of Needles and County of San Bernardino.
- Morongo Valley Subarea: City of Twentynine Palms, Town of Yucca Valley, and County of San Bernardino.
- Mountain Subarea: City of Big Bear Lake and County of San Bernardino.
- North Desert Subarea: City of Barstow and County of San Bernardino.

IV.D.1.b. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for these subareas over a thirty year period are estimated to be $488.2 million.
Revenue estimates are not binding or controlling.

70% of the revenue collected within the subareas from Measure I shall be apportioned for the Local Street Program, with 2% of that revenue reserved in a special account to be expended on Project Development and Traffic Management Systems projects. The estimated Measure I Local Street Program funds for each of the rural Mountain/Desert Measure I Subareas are included Table IV-9 below.

Table IV-9.
Estimated Measure I 2010-2040 Local Street Program Revenue by Rural Mountain/Desert Subarea

Subarea	Estimated Measure I 2010-2040 Local Streets Revenue
Colorado River	$7,000,000
Morongo Valley	$122,000,000
Mountains	$106,000,000
North Desert	$106,000,000

After reservation of 2% for Project Development and Traffic Management Systems Program in each rural Mountain/Desert Subarea, the remainder of the funding in the Local Streets Program shall be allocated to local jurisdictions based upon the jurisdiction's proportional share of the subarea population to the total subarea population (50 percent) and the point of origin of the sales tax generation (50 percent). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within the subarea shall be determined by the County of San Bernardino Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon State Board of Equalization data.

Development contributions are considered a requirement of the Measure in the rural Mountain/Desert subareas, but jurisdictions are not required to participate in the SANBAG Development Mitigation Program, as are jurisdictions in the urbanized Victor Valley. However, it is clear in the Measure that "Measure I revenue is not intended to replace traditional revenues generated through locally-adopted development fees and assessment districts." It is also clear that the "transactions and use tax revenue shall not be used to replace existing road funding programs or to replace requirements for new development to provide for its own road needs."

Jurisdictions in the rural Mountain/Desert subareas are meeting and shall continue to meet the requirements for development contributions through preparation of Traffic Impact Analysis (TIA) Reports, conditions of project approvals, fee districts, and other mechanisms as specified in Chapter 4 of the CMP. Most jurisdictions in the rural Mountain/Desert subareas are also considering or have established development mitigation programs separate from the SANBAG Nexus Study. Should rural Mountain/Desert jurisdictions desire to opt into the SANBAG Development Mitigation Program to avoid preparation of CMP TIA Reports, they may do so upon review of the program by SANBAG staff and approval of their participation in the SANBAG Development Mitigation Program by the SANBAG Board.

IV.D.1.c. Program Policies

The Local Street Program policies provide the framework for administration of the Local Street Program. The policies establish the funding allocation process and the requirements for the related five year plan required of each jurisdiction. The detailed policies are listed in Part 2 of the Strategic Plan under Policy 40000-MDLS.

IV.D.1.d. Implementation Actions

The following actions need to be taken to implement the Rural Mountain/Desert Local Street Programs:

- Annually, SANBAG establishes the population figures for each jurisdiction in the rural Mountain/Desert subareas based on the State Department of Finance population estimate as they become available, retroactive to January 1 of that year.
- Quarterly, SANBAG establishes the tax generation figure for each jurisdiction based upon figures provided by the State Board of Equalization.
- Annually, each jurisdiction in the rural Mountain/Desert subareas develop a Five Year Capital Improvement Plan for Local Street projects that is consistent with local, regional, and state transportation plans.

IV.D.2. Rural Mountain/Desert Major Local Highways Program

IV.D.2.a. Scope of the Program

The Major Local Highways Program of the rural Mountain/Desert subareas is funded from 25% of the Measure I 2010-2040 revenue collected within the subarea. This amount "shall be reserved in a special account to be expended on Major Local Highway projects of benefit to the subarea." In addition, the Measure I Ordinance defines a Major Local Highway projects as "major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate." Finally, Major Local Highway (MLH) Program funds are able to be utilized for leverage other state and federal funds for transportation projects and to perform advance planning/project reports.

IV.D.2.b. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for the rural Mountain/Desert subareas over a thirty-year period are estimated to be $488.2 million. Revenue estimates are not binding or controlling.

Table IV-10.
Estimated Measure I 2010-2040 Major Local Highway Program Revenue by Rural Mountain/Desert Subarea

Subarea	Estimated Measure I 2010-2040 Major Local Highways Revenue
Colorado River	$2,600,000
Morongo Valley	$44,000,000
Mountain	$38,000,000
North Desert	$38,000,000

25% of the revenue collected within each subarea from Measure I is in a special account to be expended on Major Local Highway Projects of benefit to each subarea. The estimated amount of revenue projected to be available to each rural Mountain/Desert Subarea MLH Program is detailed above in Table IV-10. Expenditure of Major Local Highways Program funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee.

No formal annual process for allocation and expenditure of funding is required for the rural Mountain/Desert subareas. This is due to the size of the Major Local Highway Programs for each subarea. The magnitude of each MLH programs is such that a pay-as-you-go program has been identified as the primary financing mechanism for each rural Mountain/Desert Major Local Highway Program. When a jurisdiction desires funding from a rural Mountain/Desert MLH Program, the jurisdiction shall provide to SANBAG a written request for funding with the project information, including but not limited to the name, scope and requested amount of funding. Upon receipt of the letter, SANBAG shall convene the subarea representatives from the subarea requesting funding to review the subarea priorities. At a minimum SANBAG shall provide an accounting of existing Major Local Highway funds for the subarea and a revenue projection for the subarea. The information shall be used by the subarea representatives and the Mountain/Desert Committee as the basis for making an allocation recommendation.

Each local jurisdiction that receives an allocation of MLH funds is required to execute a Project Funding Agreement before the reimbursable expenditure of funds can occur. The Project Funding Agreement is a cooperative agreement between SANBAG and the agency sponsoring a MLH project. The Project Funding Agreement establishes roles, responsibilities and financial commitments for each agency involved in the agreement. One agreement is executed between SANBAG and the sponsoring agency for the entire project. Each agreement contains the scope and project funding information for the phase of the project in receipt of an allocation of funding. As future phases of the project are awarded public share funding, the agreement will be amended to specify project scope and funding commitments. Both the City Council/Board of Supervisors representing the sponsoring agency and SANBAG must approve the Project Funding Agreement and each subsequent amendment.

Following execution of a Project Funding Agreement by SANBAG and local jurisdiction City Council/Board of Supervisors, local jurisdictions may begin the expenditure of Measure I funds. The allocated amounts of funding are expended on projects in accordance with the provisions specified in the executed agreement(s). The MLH Programs are administered as cost reimbursement programs, subject to the provisions of Policy 40000-MDMLH. Reimbursements by SANBAG occur for projects up to the amount of funding identified in the Project Funding Agreement. Reimbursement will not occur for increased or expanded scope of work or projects not contained in the funding agreements.

If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

IV.D.2.c. Program Policies

The Major Local Highways program policies are designed to provide a framework for administration of the program. The policies establish the funding allocation process. The detailed policies are listed in Part 2 of the Strategic Plan under Policy 40000-MDMLH for the Rural Mountain/Desert Major Local Highway Program.

IV.D.2.d. Implementation Actions

The following actions need to be taken to implement the Rural Mountain/Desert Major Local Highways Program:

- Development of a model Project Funding Agreement between SANBAG and local jurisdictions for the Major Local Highways Program.
- Development of apportionment and expenditure tracking system for the Major Local Highways Program expenditures and revenue, integrated or interfaced with the SANBAG financial system.

IV.D.3. Rural Mountain/Desert Senior and Disabled Transit Program

IV.D.3.a. Scope of the Program

The Senior and Disabled Transit Program is funded by five percent (5%) of the Measure I 2010-2040 revenue collected within each Mountain/Desert subarea. Local representatives may provide additional funding beyond the five percent (5%) upon a finding that such an increase is required to address senior and disabled unmet transit needs. All increases above the initial five percent (5%) shall come from the general Local Street Projects Program.

Funds made available under this program shall be used to enhance transit services provided to or provide fare subsidies to elderly individuals and individuals with disabilities. The expenditure of this program funding shall be approved by the Authority Board of Directors, based upon the recommendation of the subarea representatives and the Mountain/Desert Committee.

IV.D.3.b. Financial Analysis

Table IV-11 below provides an estimate of the amount of program funds (in 2008 $'s) that will be available over the thirty-year period (2010 to 2040) by subarea.

Table IV-11
Estimate of Victor Valley Senior and Disable Transit Funds
For each Rural Mountain/Desert Subarea

Subarea	Measure I 2010-2040 Revenue Estimate
Colorado River	$520,000
Morongo Basin	$8,700,000
Mountains	$7,600,000
North Desert	$7,600,000
TOTAL	$24,000,000

IV.D.3.c. Program Policies

The program follows the policies previously adopted by the Authority Board of Directors for the Measure I 1990-2010 Senior and Disabled Transit Program. The policies include maintenance of effort requirements and guidelines for the expenditure of the program funds. The policies for the Rural Mountain/Desert Senior and Disabled Transit Program are listed in Part 2 of the Strategic Plan as Policy 40000-MDSDT.

IV.D.3.d. Implementation Actions

The following actions will be necessary in order to implement the Mountain/Desert Senior and Disabled Transit Program:

- Beginning in Fiscal Year 2008/2009, each transit system within each subarea will be required to prepare a five-year Short Range Transit Plan (SRTP) that will identify operations characteristics and capital projects over the planning period of Fiscal Year 2009/2010 through 2013/2014. The SRTP must be a financially constrained plan that anticipates the amount of federal, state and local funds, including Measure I Senior and Disabled Program funds, necessary to support planned level of transit service and capital improvement program for the five-year period. The SRTP will provide the basis for determining the amount of Measure I Senior and Disabled Program funds that will be made available to the transit system and for what purpose. The SRTP will be updated every other year.
- It may be determined that a Consolidated Transportation Services Agency (CTSA) may be desired in one or more of the Mountain/Desert subareas to coordinate the delivery of social service transportation. In addition, an individual Jurisdiction (city, county or town) may desire to use these funds to support non-traditional transit services to elderly individuals and individuals with disabilities. In either case, it is important that such services be coordinated with the respective area transit system.
- Unlike the 1990-2010 Measure I Program, the 2010-2040 Program will not be apportioning and disbursing the Senior and Disabled Program funds to each jurisdiction. Instead, the funds will be apportioned to each subarea and the jurisdictions within each subarea as well as the Mountain/Desert Committee and Authority Board of Directors will need to agree on the annual amounts to be expended. It is anticipated that because, in most cases, the subarea jurisdictions are also represented on the respective transit system governing board, the adoption of the SRTP will suffice. One area where this is not the case is where the County of San Bernardino is using a portion of its funds to pass through to the Department of Aging and Adult Services (DAAS) for a volunteer mileage reimbursement program, known as Transportation Reimbursement Escort Program (TREP). TREP is offered in some of the more isolated rural communities. A decision as to whether the TREP should be folded into the subarea transit system or remain independent is needed.
- The development of revenue and expenditure tracking system by subarea will be necessary. Should all of these program funds flow through the subarea transit system or local jurisdiction (city, county or town), the scope of the required annual fiscal and compliance audit should be revised to include the receipt and expenditure of the Measure I Senior and Disabled Program funds. If the County's TREP remains an independent operation, then the audit of the DAAS would need to be expanded to include the expenditure of the Measure I Senior and Disabled Program funds.

IV.D.4. Rural Mountain/Desert Project Development and Traffic Management Systems Program

IV.D.4.a. Scope of the Program

The Project Development and Traffic Management Systems program is funded by 2% of the revenue collected within each subarea and reserved in this special account. Eligible Project Development and Traffic Management Systems projects may include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and programs which contribute to environmental enhancement associated with highway facilities.

IV.D.4.b. Financial Analysis of Program

Total tax revenues generated by Ordinance No. 04-01 for the each subarea over a thirty year period are estimated to be $488.2 million. Revenue estimates are not binding or controlling.

The Project Development and Traffic Management Systems program is funded by 2% of the revenue collected within the each rural Mountain/Desert subarea and reserved in this special account. This 2% is reserved from the 70% Local Street Program category. It is estimated that the Project Development and Traffic Management Systems Program will generate a total of $9.76 million over the thirty-year period of Measure I. A subarea level estimate of funding is provided in Table IV-12 below.

Table IV-12.
Estimated Measure I 2010-2040 Project Development & Traffic Management Systems Revenue by Rural Mountain/Desert Subarea

Subarea	Estimated Measure I 2010-2040 PDTMS Revenue
Colorado River	$206,000
Morongo Valley	$3,500,000
Mountain	$3,000,000
North Desert	$3,000,000

Expenditure of Project Development and Traffic Management Systems funds shall be approved by the Authority Board of Directors, based upon a recommendation of the subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Project Development and Traffic Management Systems funds are not required for improvements of benefit to the subarea, then revenue in the Project Management and Traffic Management Systems category may be returned to the general Local Street Program.

Such return shall be allocated and expended based upon the formula and requirements established in the Victor Valley Local Street Program.

IV.D.4.c. Program Policies

The Project Development and Traffic Management Systems policies are designed to provide a framework for administration of this category of funds. The policies establish the funding allocation process. The detailed policies are listed in Part 2 of the Strategic Plan as Policy 40000-MDTMS.

IV.D.4.d. Implementation Actions

The following actions need to be taken to implement the Project Development and Traffic Management Systems for the Rural Mountain/Desert Project Development and Traffic Management Systems Program.

- Development of apportionment and expenditure tracking system for the Development and Traffic Management Systems projects expenditures and revenue, integrated or interfaced with the SANBAG financial system.

Draft Measure I 2010-2040 Strategic Plan

- Part 2 -

Measure I 2010-2040 Policies

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Measure I 2010-2040 Draft Strategic Plan Policies

San Bernardino Associated Governments		**Policy**	40000-VS
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
San Bernardino Valley Subarea Policies **Measure I 2010 – 2040 Strategic Plan**		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish the requirements for overall administration of the programs included in the San Bernardino Valley Expenditure Plan as part of Measure I 2010-2040. The Valley Subarea policies establish the process for identification of need, fund apportionment, fund allocation, and expenditure requirements for all programs in the Valley, including Freeway, Freeway Interchange, Major Street, Local Street, Metrolink/Rail, Express Bus/Bus Rapid Transit, Senior and Disabled Transit, and Traffic Management Systems.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

a. **Apportionment**: An action by the SANBAG Board of Directors to assign specific Measure I 2010-2040 fund amounts to Measure I programs for a given fiscal year.
b. **Allocation**: An action by the SANBAG Board of Directors to assign Measure I funds to specific projects.
c. **Capital Project Needs Analysis (CPNA):** A five-year plan of capital projects needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent State fiscal year
d. **Jurisdiction Master Agreement**: An agreement between SANBAG and a local jurisdiction documenting the allocation of Measure I 2010-2040 funds to the jurisdiction under the Arterial Sub-program of the Major Street Program in the Valley subarea for the specified fiscal year.
e. **Project Funding Agreement:** An agreement between SANBAG and a local jurisdiction documenting the commitment of Measure I 2010-2040 funds to a project and the conditions of performance by SANBAG and the local jurisdiction associated with that project.

IV. POLICIES FOR THE SAN BERNARDINO VALLEY SUBAREA

A. Program Equity

Policy VS-1: SANBAG shall ensure that all San Bernardino Valley Programs receive their percentage allocation of Measure I revenue in accordance with the Measure I 2010-2040 Expenditure Plan. The calculation of percentage allocation shall include adjustments for the time-value of money based on time of expenditure of Measure I funds in all programs.

Policy VS-2: The SANBAG Board of Directors shall have full discretion over the apportionment of Measure I 2010-2040 revenue between Valley Programs on an annual basis, subject to Policy VS-1.

Policy VS-3: Adjustments for the time-value of money referenced in Policy VS-1 shall be based on comparisons of the net present value of expenditures by Valley program calculated using a discount rate based on the annual change in the Consumer Price Index for Southern California, as maintained by the California Department of Finance.

B. Identification of Needs

Policy VS-4: SANBAG staff and local jurisdictions shall submit a five-year Capital Projects Needs Analysis (CPNA) for all programs included in the Valley Expenditure Plan by September 30 of each year.

Policy VS-5: SANBAG staff shall be responsible for preparation of the CPNAs for the Valley Freeway, Metrolink/Rail, Express Bus/Bus Rapid Transit, Senior Disabled Transit and Traffic Management Systems Programs.

Policy VS-6: Local jurisdictions shall be responsible for preparation of the CPNAs for the Valley Freeway Interchange and Major Streets Programs, except that SANBAG staff may prepare CPNAs for interchange projects required to enable construction of a freeway mainline project. All CPNAs submitted by local jurisdictions shall be approved by the City Council/Board of Supervisors and shall be coordinated with the Five Year Capital Improvement Plan required as part of the Valley Local Streets Program policies (see Policy 40000-VLS)

Policy VS-7: All CPNAs shall identify the requested amount of Measure I and any additional federal, State, or private funding by phase and year for the five year period following the beginning of the subsequent State fiscal year.

B. Cash-Flow Analysis

Policy VS-8: SANBAG staff shall prepare an estimate of projected Measure I, State, federal and private funding for the subsequent fiscal year by September 30 of each year.

Policy VS-9: SANBAG staff shall prepare a cash flow analysis of all Measure I 2010-2040 Valley Programs based on information submitted by local jurisdictions, the funding needs of the SANBAG administered programs, and the assessment of Measure I, State, federal and private funding.

Policy VS-10: At a minimum, the Cash Flow Analysis shall include the following considerations:

- All Measure I 2010-2040 San Bernardino Valley program needs identified in CPNAs
- Needs pursuant to Project Advancement and Advance Expenditure Agreements
- Needs related to Bond or other debt repayment
- Revenue committed to projects or programs in previous cycles
- Ability to leverage additional State, federal and private funding sources.

Policy VS-11: The Cash Flow Analysis shall be completed for presentation to SANBAG policy committees by January each year.

Policy VS-12: The Cash Flow Analysis shall provide input to any SANBAG agency bonding decisions.

C. Fund Apportionment

Policy VS-13: The SANBAG Board of Directors shall use the Cash Flow Analysis as a basis for apportioning funds among the Measure I Valley Programs.

Policy VS-14: The SANBAG Board of Directors shall apportion funds by its February meeting, so that budget documents can be prepared for the subsequent fiscal year.

D. Fund Allocation

Policy VS-15: The SANBAG Board shall approve an allocation of funding to specific San Bernardino Valley Measure I projects by March of each year. The fund allocation shall include a list of projects and funding amounts.

Policy VS-16: The fund allocation approved by the Board, as stated in Policy VS-15, shall constitute the agency's annual project delivery plan.

E. Fund Expenditure

Policy VS-17: SANBAG administered projects may begin expenditure of funds following the standard approvals by the SANBAG Board of Directors.

Policy VS-18: A local jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement or a Jurisdiction Master Agreement by both SANBAG and the jurisdiction, as appropriate to the project type and pursuant to Policies 40000-VFI and 40000-VMS.

Policy VS-19: The Project Funding Agreement shall be based on the SANBAG Board-approved fund allocation and shall document the scope of the project, its cost, and the terms by which reimbursement shall occur.

Policy VS-20: The Jurisdiction Master Agreement shall be based on the SANBAG Board-approved allocation of funds to projects in the Arterial Sub-program (see Policy VS-15) of the Major Streets Program, and shall document the scopes of the projects, their costs, and the terms by which reimbursement shall occur. One Jurisdiction Master Agreement may include multiple projects in the Arterial Sub-program.

F. Use of State and Federal Funds for Measure I 2010-2040 Projects - General

Policy VS-21: The SANBAG Board shall assure reasonable equity in the shares of projected State and federal transportation funds allocated and expended within geographic areas of the county, subject to the eligibility of funds for the specified programs within those geographic areas.

Policy VS-22: The SANBAG Board of Directors has discretion to program State and federal funds to projects based on needs and priorities that exist at the time the decisions are made, subject to the eligibility of projects for each funding source and approvals by appropriate State and federal authorities.

Policy VS-23: SANBAG shall implement strategies that maximize the use of State and federal funds when projects are planned and delivered. This may include borrowing against future revenues streams, such as with Grant Anticipation Revenue Vehicles (GARVEE bonds) for federal funds.

Policy VS-24: SANBAG will actively advocate for its share of State and federal dollars to deliver Measure I projects.

G. Use of State and Federal Funds for Measure I 2010-2040 Projects – Specific Sources

Policy VS-25: CMAQ funds (or funds in any successor program to CMAQ) necessary to continue previously approved regional programs, including Freeway Service Patrol(FSP), rideshare activities, and Valley-wide Signal Synchronization shall be set aside for those purposes.

Policy VS-26: CMAQ funds (or funds in any successor program to CMAQ) shall be considered as a significant source to fund transit capital projects and start-up operating expenses in accordance with CMAQ criteria. Allocation of CMAQ funding to transit capital projects is to be made by the SANBAG in a manner consistent with plans developed by the transit operators and approved by the SANBAG Board of Directors.

Policy VS-27: Remaining CMAQ funds may be allocated to High Occupancy Vehicle facility components of the Valley Freeway projects listed in the Measure I Expenditure Plan, subject to eligibility criteria.

Policy VS-28: All of the STP funds apportioned to the urbanized areas of the San Bernardino Valley shall be allocated to the Valley Freeway Program projects listed in the Measure I Expenditure Plan.

Policy VS-29: SANBAG shall work closely with Caltrans to identify projects that are eligible to receive State Inter-regional Improvement Program (IIP) funds to assist in timely delivery of those projects. This may include projects within as well as outside urbanized areas.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-PA&AE
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Project Advancement and Advance Expenditure Policies Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Project Advancement (PA) and Advance Expenditure (AE) processes. Both the PA and AE processes enable local jurisdictions to advance funding for development and construction of Measure I projects prior to the availability of Measure I 2010-2040 revenue for those projects. The policies establish project eligibility criteria and reimbursement terms for each process. The PA process allows for reimbursement on projects that initiate construction no later than January 31, 2009. Eligible expenditures on Nexus Study projects for which construction begins after January 2009 are captured under the AE process. A project for which construction fails to be initiated by January 31, 2009 under a previously executed Project Advancement Agreement may be transitioned to an Advance Expenditure Agreement with SANBAG Board Authorization.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan
2. Policy 40000-VFI
3. Policy 40000-VMS

III. DEFINITIONS

a. **Project Advancement Agreement (PAA)** - A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the PA process.
b. **Advance Expenditure Agreement (AEA)** – A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the AE process.
c. **Development share** – The share of project cost calculated as the developer contribution percentage as listed in the SANBAG Nexus Study times the total cost of the project.
d. **Public share** – The share of project cost calculated as the total cost of the project minus the developer share.

IV. POLICIES FOR THE PROJECT ADVANCEMENT PROCESS

A. General Policies

Policy PA-1: The public share costs for eligible projects in the Valley Freeway Interchange or Major Street Programs shall be eligible for a Project Advancement Agreement (PAA) to reimburse eligible costs incurred under the PAA if construction is initiated no later than January 31, 2009.

Policy PA-2: Only projects included in the most recent Board-approved version of the Development Mitigation Nexus Study shall be eligible for reimbursement under the PA process.

Policy PA-3: To be eligible for reimbursement under the PA process for the Valley Subarea, jurisdictions must provide a letter communicating candidate project advancement projects to SANBAG by January 31, 2009 and execute a PAA(s) for the project(s) with SANBAG by April 2, 2009.

Policy PA-4: The PAA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG for projects being reimbursed under the PA process.

Policy PA-5: A project covered under an executed PAA for which construction fails to be initiated by January 31, 2009 may be transitioned to an Advance Expenditure Agreement with SANBAG Board Authorization.

Policy PA-6: Any public share project costs incurred for Nexus Study projects prior to January 31, 2009 without an executed PAA shall not be reimbursed by SANBAG under the PA process. Eligible expenditures for Nexus Study projects not covered under the PA process shall be covered under the AE process, subject to the provisions below.

Policy PA-7: The project cost included in the PAA shall be the Nexus Study project cost in the most recent Board-approved Development Mitigation Nexus Study or the version of the Nexus Study in force at the time the first project expenditures were incurred, whichever is earlier.

B. Reimbursement

Policy PA-8: SANBAG shall reimburse jurisdictions with approved PAAs up to the public share of the Nexus Study project cost or the Measure I share of the actual cost, whichever is less.

Policy PA-9: Expenditures incurred prior to April 5, 2006 (the date when the model agreement for the Project Advancement process was adopted by the SANBAG Board of Directors) shall not be reimbursed.

Policy PA-10: SANBAG shall reimburse local jurisdictions with PAAs executed under the Valley Major Street and Valley Freeway Interchange Programs with 40% of revenues available to the respective programs on an annual basis. At SANBAG Board discretion, the percentage of program revenue dedicated to reimbursement may be increased to a higher percentage specific to each program if the time between expenditure and reimbursement has become greater than six years or if the other project needs for a fiscal year are less than the remaining 60% of the pertinent program.

Policy PA-11: Local jurisdictions shall provide adequate documentation to substantiate the costs included in invoices submitted for reimbursement under the PA process. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy PA-12: SANBAG shall administratively reimburse local jurisdictions with PAAs in the order of expenditure as established by the date of invoice received for a PAA project. The order of expenditure shall be considered separately for the Valley Major Street and Valley Freeway Interchange Programs.

Policy PA-13: Reimbursements by SANBAG for eligible expenditures shall be provided on a quarterly basis. Reimbursements shall occur beginning in 2010 following the quarterly reconciliation of sales tax dollars by the State Board of Equalization. Quarterly reimbursements from the Valley Major Streets and Valley Freeway Interchange Programs shall occur until all local jurisdictions with PAAs are reimbursed.

C. Equitable Share Calculation

Policy PA-14: For the Valley Major Street Program, reimbursement pursuant to PAAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40000-VMS, maintained by SANBAG to ensure geographic equity over the life of the Measure.

V. POLICIES FOR THE ADVANCE EXPENDITURE PROCESS

A. General Policies

Policy AE-1: Jurisdictions that deliver Valley Freeway Interchange or Major Stret Program projects may expend local jurisdiction funds with the expectation of later reimbursement of the public share costs by SANBAG, subject to the terms of the Advance Expenditure process. SANBAG's commitment to reimburse the public share cost shall be subject to the project priorities and policies referenced in Policies 40000-VFI and 40000-VMS.

Policy AE-2: Only projects included in the most recent Board-approved version of the Development Mitigation Nexus Study shall be eligible for the AE Program.

Policy AE-3: Reimbursement for a project under the AE process may take the form of monetary compensation for the public share cost of the project as defined in the AE Agreement, or credit for the same amount against the development share of one or more subsequent projects within the same Measure I Program.

B. Freeway Interchange Program and Railroad/Highway Grade Separation Sub-program Projects

Policy AE-4: All freeway interchanges and railroad/highway grade separation projects for which jurisdictions desire reimbursement under the AE process shall execute an Advance Expenditure (AE) Agreement with SANBAG. For multi-jurisdictional projects, the AE Agreement shall be between the majority share jurisdiction and SANBAG.

Policy AE-5: The AE Agreement shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG and is required to be executed prior to project cost reimbursement or credit under the AE process.

Policy AE-6: For freeway interchanges and railroad/highway grade separation projects, public share project costs incurred for Nexus Study projects in advance of an executed AE Agreement shall not be reimbursed by SANBAG, nor shall they be credited against the development share of a future project.

Policy AE-7: SANBAG shall begin reimbursement for phases of a Freeway Interchange project or a Railroad/Highway Grade Separation project in the first year that funding becomes available to the project based on ranking of the project on the SANBAG Interchange or Grade Separation prioritization list at the time the of AE Agreement's execution. Therefore, subsequent changes in the Interchange and Grade Separation prioritization lists shall not affect the time of reimbursement or availability of credit once the AE Agreement has been executed for the project.

Policy AE-8: In general, SANBAG will complete reimbursement for a Freeway Interchange or Grade Separation project in its entirety prior to allocation of funds to construction of a project of lower priority on the Freeway Interchange or Grade Separation prioritization list. This will be balanced with the need to maintain commitments to other interchange or grade separation projects on which project development activity has been initiated.

Policy AE-9: The reimbursement or credit amount for Advance Expenditure shall be determined by the project cost in the Board approved version of the Nexus Study in effect at the time the AE Agreement was executed.

Policy AE-10: SANBAG shall only reimburse or provide credit to jurisdictions with approved AE projects up to the public share of the project cost in the Board adopted Nexus Study in effect at the time the AE Agreement was executed, or the public share of the actual project cost, which ever is less.

Policy AE-11: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

C. Valley Arterial Sub-program Projects

Policy AE-12: The following types of projects in the Valley Major Street Arterial Sub-program are eligible for reimbursement of public share costs under the AE process:

- Nexus Study projects delivered after April 5, 2006 but prior to the commencement of Measure I 2010-2040 and not covered under the PA process mentioned above.
- Nexus Study projects included in the Jurisdiction Master Agreement that have incurred additional costs for project delivery beyond the total amount of funding allocated to a jurisdiction in a fiscal year.
- Nexus Study projects for which an allocation of funding was not approved in the current fiscal year but will be available in future years, subject to a jurisidictions cumulative equitable share calculations.

Policy AE-13: Projects delivered through the AE process in the Valley Arterial Sub-program are not required to execute an AE Agreement prior to the expenditure of funds on eligible projects (as defined by Policy AE-12 above)

Policy AE-14:Prior to receiving reimbursement or credit under the AE process, jurisdictions shall specifically designate the project(s) in their Capital Projects Needs Analysis and receive an allocation of funding by the SANBAG Board for the project, documented through the Jurisdiction Master Agreement.

Policy AE-15: In the annually submitted CPNA, a local jurisdiction with an eligible AE project shall specifically designate whether it elects to receive reimbursement or credit under the AE process for the project. The decision to receive credit or reimbursement will be reflected in the Jurisdiction Master Agreement.

Policy AE-16: Advance Expenditure projects shall be included in the Jurisdiction Master Agreement. Following approval of the agreement, the local jurisdiction may submit invoices for reimbursement or receive credit toward the development share of future project cost.

Policy AE-17:Jurisdictions shall not receive immediate reimbursement or credit for Advance Expenditure in excess of the jurisdiction's five-year equitable share of Valley Arterial Sub-program funds. Jurisdictions that reach the cap on reimbursement or credit may submit eligible projects for reimbursement as additional allocations become available under the jurisdiction's five-year equitable share cap.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VLS
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Local Streets Program Policies Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements relating to adoption of Five Year Plans by local jurisdictions outlining the projects which will be funded the Measure I 2010-2040 Valley Subarea Local Streets Program. Twenty percent of the total Measure I 2010-2040 revenue collected in the San Bernardino Valley Subarea. This program will be used by local jurisdictions to fund Local Street Projects.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Local Street Projects: Local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities.

Population: For incorporated cities, the population is determined annually by the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas of the Valley Subarea, the population is determined annually by the County Planning Department, reconciled with the State Department of Finance population estimate as of January 1 of that year.

Local Streets Allocation: Each jurisdiction receives an allocation from 20% of the Measure I revenue collected in the Valley Subarea on a per capita basis using the population estimate as of January 1 of that year.

Five Year Plan: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

IV. POLICIES FOR THE VALLEY LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy VLS-1: Each jurisdiction shall receive an allocation from 20% of the Measure I revenue collected in the Valley Subarea on a per capita basis using the population estimate as of January 1 of that year.

a. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas, the calculation shall be based on the population estimate from the County Planning Department and reconciled with the State Department of Finance population estimate as of January 1 of that year.

Policy VLS-2: Local jurisdictions shall not receive their Local Streets Allocation until they have submitted their annual update of their Five Year Plan.

Policy VLS-3: The Local Streets Allocation shall be remitted to local jurisdictions monthly.

Policy VLS-4: Local Streets Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SANBAG has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

B. Five Year Plan

Policy VLS-5: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects which will be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and adopted by resolution of the governing body.

Policy VLS-6: Five Year Capital Improvement Plans shall specifically identify road improvements, signals, and intersection improvements by street name, boundaries, and project type. The following guidelines apply:

a. Project types may include pavement overlay, construction, reconstruction, widening, or other improvements.
b. In developing the Five Year Capital Improvement Plans, it is recommended that each jurisdiction constrain the total annual amount of the Measure I planned expenditures to 150% of SANBAG's forecasted annual revenue for Measure I Local Pass-Through Funds for the adopting jurisdiction or County subarea, plus any fund balances and/or revenue resulting from bonds secured by Measure I revenue.
c. Five Year Capital Improvement Plans may include general program categories for pavement management programs, system improvements, and general maintenance. The maximum total expenditures of all general program categories in any year shall not exceed 50 percent of SANBAG's total annual forecast revenue for the jurisdiction or County subarea.

Policy VLS-7: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as a specific road improvement.

C. Eligible Expenditures

Policy VLS-8: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-ofway or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.
   1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.
   2) Change of alignment, profile, and cross-section.
   3) Addition of a frontage street or road.
   4) Original surfacing of shoulders.
   5) Installation of original traffic signs and markers on routes.
   6) Earthwork protective structures within or adjacent to the right-of-way area.

7) Complete reconstruction or addition to a culvert.
8) Reconstruction of an existing bridge or installation of a new bridge.
9) Widening of a bridge.
10) Installations or extensions of curb, gutter, sidewalks or underdrain.
11) Extensions and new installation of walls.
12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.
13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.
14) Improvement of a surface to a higher type.
15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.
18) Widening of existing street, roadbed or pavement, with or without resurfacing.
19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.
20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.
21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.
22) Extending old culverts and drains and replacing headwalls.
23) Replacement of bridge rails and floors to a higher standard.
24) Replacement of retaining walls to a higher standard.
25) Replacement of all major signs or traffic control devices on a street or road.
26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.
27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.
28) Installation or expansion of street or road lighting system.
29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.
30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.
31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.
32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.
33) Construction of pedestrian underpasses or overhead crossing for the general public use.
34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers and that portion of preemption equipment not mounted on motor vehicles.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:
1) Scarifying, reshaping and restoring material losses.
2) Applying dust palliatives.
3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.
4) Jacking concrete pavements.
5) Repair of traveled way and shoulders.
6) Bituminous material of less than 1" added to bituminous material including seal coats.

7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)
8) Patching operations including base restoration.
9) Resealing street or road shoulders and side street and road approaches.
10) Reseeding and resodding shoulders and approaches.
11) Reshaping of drainage channels and side slopes.
12) Restoration of erosion controls.
13) Cleaning culverts and drains.
14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)
15) Mowing, tree trimming and watering.
16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.
17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.
18) Cleaning, painting and repairing bridges and structures.
19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.
20) Repainting of pavements, striping and marking to the same standards.
21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.
22) Servicing lighting systems and street or road traffic control devices.
23) Furnishing of power for street and road lighting and traffic control devices.
24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.
   1) Payroll
   2) Facilities
   3) Advertising
   4) General Government
   5) Department Accounts/Finance
   6) Procurement
   7) Top Management
   8) General Accounting/Finance
   9) Personnel
   10) Data Processing
   11) Legal Costs

D. Ineligible Expenditures

Policy VLS-9: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:
   1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.
   2) New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.
   3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.
   4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-

of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.

5) Decorative lighting.
6) Park features such as benches, playground equipment, and rest rooms.
7) Work outside the right-of-way which is not a specific right-of-way obligation.
8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
9) Construction, installation or maintenance of cattle guards.
10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.
11) Maintenance or construction on alleys which have not been formally designated as part of the a city or county street and road system.
12) Non-street related salaries and benefits.
13) Driveways outside of the street and road right-of-way.
14) Electronic speed control devices or other non-highway related safety expenditures.

E. Accounting Requirements

Policy VLS-10: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy VLS-11: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.
c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).
d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

Policy VLS-12: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy VLS-13: Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

f. Federal Aid Urban projects

g. Redevelopment agencies
h. Cooperative agreements
i. Right-of-way dispositions
j. Federal and safety projects

Policy VLS-14: Records

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.
b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments	Policy	40000-VF
Adopted by the Board of Directors Month Day, Year	Revised	m/d/yyyy
Valley Freeway Program Policies Measure I 2010 – 2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate requirements for administration of the Valley Freeway Program. The Valley Freeway Program will receive 29% of the Valley Subarea revenue over the life of the Measure.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan
Policy 11000 - Contracting and Procurement Policy
Policy 30100 - Retrofit Soundwalls
Policy 34500 – Valley Major Projects: Value Engineering
Policy 34501 – Valley Major Projects: Local Funding Participation
Policy 34502 – Valley Major Projects: Landscape
Policy 34503 – Valley Major Projects: Local Impacts
Policy 34504 – Valley Major Projects: Major Projects Program; Contract Negotiation Guidelines
Policy 34505 – Valley Major Projects: Cost Sharing
Policy 34506 – Valley Major Projects: Residential Acquisition
Policy 34507 – Valley Major Projects: Administrative Settlement
Policy 34508 – Valley Major Projects: Real Property Claims Process

III. DEFINITIONS

Freeway Project: A project listed in the Measure I 2010-2040 Expenditure Plan, Ordinance 04-01, within the Freeway Program for the Valley Subarea.

IV. VALLEY FREEWAY PROGRAM POLICIES

Policy VF-1: The Valley Freeway Program shall receive 29% of the Measure I 2010-2040 Valley Subarea revenue over the life of the Measure, as adjusted for the time-value of money.

Policy VF-2: Eligible freeway projects within the Valley Freeway Program shall include

- I-10 Widening from I-15 to Riverside County Line
- I-15 Widening from Riverside County Line to I-215
- I-215 Widening from Riverside County Line to I-10
- I-215 Widening from SR-210 (formerly SR-30) to I-15
- SR-210 Widening from I-215 to I-10
- Carpool Lane Connectors

Policy VF-3: Interchange improvements on the I-215 between the Riverside County Line and I-10 shall be included in the scope of the project to widen the I-215 from the County line to I-10. Interchange improvements required for other Valley Freeway Program projects listed above are included in the Valley Freeway Interchange Program and shall not be funded, in whole or in part, by Valley Freeway Program revenues.

Policy VF-4: SANBAG shall be responsible for project initiation, project development, funding, and project management for projects in the Valley Freeway Program, in partnership with Caltrans and local jurisdictions.

Policy VF-5: The policies listed in the References section above, developed for Measure I 1990-2010, shall remain in effect for the Valley Freeway Program under Measure I 2010-2040.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VFI
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Freeway Interchange Program Policies Measure I 2010 – 2040 Strategic Plan-		Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Freeway Interchange Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility and prioritization, limitations on eligible expenditures, the role of SANBAG in project delivery, and cost overrun responsibilities.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Capital Projects Needs Analysis – A five-year plan of capital projects needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent State fiscal year.

Development share– A portion of the project cost calculated by multiplying the developer contribution percentage identifed in the Development Mitigation Nexus Study times the cost of the project.

Public share– Portion of the project calculated as the total cost minus the development share.

IV. POLICIES FOR THE VALLEY FREEWAY INTERCHANGE PROGRAM

A. Allocation of Measure I 2010-2040 Funding

Policy VFI-1: Initiation of project development work on freeway interchange projects shall be the responsibility of local jurisdictions, with the exception that project development work on interchange improvements required to enable the construction of freeway mainline projects may be initiated by SANBAG at the discretion of the Board of Directors.

Policy VFI-2:. The SANBAG Board of Directors shall allocate funding to specific Valley Freeway Interchange projects as nominated by sponsoring member agencies through their five-year Capital Projects Needs Analysis (CPNA). If nominations exceed the available funding, SANBAG shall allocate funds to sponsors of the nominated projects in order of project priority assigned through a prioritization methodology approved by SANBAG as documented in the Strategic Plan. Fund allocation shall anticipate the Measure I public share costs for subsequent years of a project so that the intent of Policy VFI-2 can be achieved. Funding for initial phases of projects of lesser priority may be deferred depending on the outcome of the annual cash flow analysis. Full funding of the higher priority projects through construction shall be given priority, even if the nominations are less than available funding for any given year.

Policy VFI-3: Allocations to a Valley Freeway Interchange project shall be limited to the current phase of the project. However, an allocation of funds to the Project Approval and Environmental Documentation (PA&ED) phase or to a subsequent phase prior to construction shall represent a commitment by SANBAG to timely funding of the public share of the project through construction, subject to the availability of Measure I, State, and federal funds.

B. Cost Reimbursement

Policy VFI-4: The Valley Freeway Interchange Program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG, as specified in Policy 40000-VS, prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Project Funding Agreement.

Policy VFI-5: Advanced reimbursement of anticipated expenses shall be available to jurisdictions on an exception basis, subject to SANBAG Board approval. Such advanced reimbursements shall be limited to the public share of right-of-way acquisition costs and based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow.

C. Sponsoring Agency Reimbursement Invoices

Policy VFI-6: Sponsoring agencies shall submit invoices to SANBAG for actual expenditures incurred for components of an interchange project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VFI-7:The sponsoring agency shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the sponsoring agency must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and adequate documentation of any other expenses incurred by the contractor.

Policy VFI-8: The sponsoring agency shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

D. Local Lead Agency Reimbursement Schedule

Policy VFI-9: SANBAG shall reimburse the local lead agency for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package, which shall include all backup and support materials required to substantiate the invoice as identified in Policy VFI-7.

E. Valley Freeway Interchange Program Eligible Projects

Policy VFI-10: Valley freeway interchanges included within the SANBAG Development Mitigation Nexus Study, as periodically updated, are the only freeway interchange projects eligible to be funded by the Valley Freeway Interchange Program.

Policy VFI-11: The SANBAG Development Mitigation Nexus Study shall calculate and document the public and private share costs for each eligible interchange as well as the local jurisdiction responsibility for development share costs.

Policy VFI-12: No new project shall be added to the Valley Freeway Interchange Project List included in the Nexus Study unless the sponsoring agency can provide a comparable reduction in the public share cost, either by eliminating another interchange of comparable cost or increasing the fair share collection so as to avoid a net increase in public share cost. Written agreement to withdraw the interchange shall be obtained from the elected body for any minority share jurisdiction and shall be presented to SANBAG prior to Board action.

F. Valley Freeway Interchange Prioritization

Policy VFI-13: Within the Valley Freeway Interchange Program, projects needed to facilitate delivery of the San Bernardino Valley Freeway Program shall receive prioritiy over the other eligible freeway interchange projects and may be initiated at the discretion of SANBAG. Initiation of an interchange project by SANBAG shall not waive any requirements for local jurisdictions to provide the development share of the project cost.

Policy VFI-14: Following allocations to interchanges pursuant to Policy VFI-13, Valley Freeway Interchange Program funding shall be allocated to projects nominated by sponsoring agencies according to a prioritization list approved by the SANBAG Board, and included for reference in Section IV.B.5 of the Strategic Plan.

Policy VFI-15: The Valley Freeway Interchange Program prioritization shall be based on a benefit/cost methodology and may also include consideration of congestion on the freeway mainline caused by deficiencies at the interchange. The prioritization list shall be updated every two years in accordance with the biennial Nexus Study update or as directed by the SANBAG Board of Directors.

Policy VFI-16: Project initiation shall be the responsibility of a local sponsoring jurisdiction, unless otherwise directed by the SANBAG Board pursuant to Policy VFI-13. Nominations by sponsoring jurisdictions occur through inclusion of the candidate project in the sponsor's CPNA for the year of the requested allocation..

Policy VFI-17: A sponsoring jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement, which shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, pursuant to the Development Mitigation Cooperative Agreement required by Policy VFI-20. The Project Funding Agreement shall be executed by the sponsoring agency and SANBAG prior to to the expenditure of funds on any phase of the project. Sponsoring agencies shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy VFI-18: Sponsoring agencies that desire to deliver a Valley Freeway Interchange Program project to which funds cannot be allocated in a given year shall be eligible for reimbursement through the Advance Expenditure process outlined in Policy 40000-AE.

G. Development Mitigation Fair Share Contributions

Policy VFI-19: Funds allocated by SANBAG to any phase of a Valley Freeway Interchange project shall be matched by development contributions in accordance with minimum development contribution identified in the SANBAG Nexus Study.

Policy VFI-20: The sponsoring agency is responsible for coordination of all minority share development mitigation contributions identified in the SANBAG Development Mitigation Nexus Study.

Policy VFI-21: No allocation of funding by SANBAG to a Valley Freeway Interchange project shall occur prior to execution of the Development Mitigation Cooperative Agreement among all development mitigation contributors identified in the SANBAG Nexus Study.

Policy VFI-22: A Development Mitigation Cooperative Agreement shall be approved by all jurisdictions with funding responsibility for an interchange project as identified in the Nexus Study. The Development Mitigation Cooperative Agreement provides a guarantee of the development mitigation contributions required by the Nexus Study. The cooperative agreement shall be submitted with the sponsoring agency's five-year CPNA for any Valley Freeway Interchange project included in the first year (year 1) of the CPNA. These agreements shall be approved by each jurisdiction's city council and, where applicable, the County Board of Supervisors.

H. Development Mitigation Fair Share Loans and Loan Repayment

Policy VFI-23: On an exception basis, project sponsors and other participating local jurisdictions may request loans from SANBAG for the development contribution to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors. Approved loans of

Measure I to cover a development mitigation fair share requirement for either a sponsoring agency or another contributing jurisdiction, shall be subject to the following terms to minimize disadvantage to other jurisdictions:

- Repayment shall include interest equivalent to the annual yield for the most recent fiscal year for the Local Agency Investment Fund (LAIF).
- The repayment term shall be based on a fixed-term repayment schedule established within the loan agreement. No loan shall be granted a repayment period greater than 10 years.
- Failure to make payments consistent with the terms of the loan agreement will result in the jurisdiction's loss of access to new allocations of Measure I 2010-2040 Valley Major Streets and Valley Freeway Interchange Program funds until payments are brought back to a level consistent with the terms of the loan agreement.
- If annexation of an unincorporated area within the Nexus Study interchange traffic shed as established by the Nexus Study occurs, any loan commitments related to that interchange will be reapportioned to the annexing city based on the adjusted fair share for the interchange project and will be included in any considerations by the Local Agency Formation Commission.

I. Development Mitigation Fair Share Credit Agreements

Policy VFI-24: Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements will be strictly between the local jurisdiction and the developer.

Policy VFI-25: A copy of the credit agreement and invoices to substantiate quantities and unit costs for a Nexus Study project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VFI-26: Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

Policy VFI-27: Reimbursement shall occur for only the public share of the Nexus Study project costs.

J. Eligible Valley Freeway Interchange Program Expenditures

Policy VFI-28: Eligible Valley Freeway Interchange Program expenditures shall include the costs for project phases of any Valley Freeway Interchange improvement included in the SANBAG Nexus Study.

Policy VFI-29: The following costs are ineligible for reimbursement from the Valley Freeway Interchange Program:

- Additional environmental or architectural enhancement not required as part of the mitigation pursuant to the approved environmental document(s) for the project.
- Project oversight costs, with the exception of construction support costs.
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG.

K. Construction Cost Overruns

Policy VFI-30: Jurisdictions shall bear full responsibility for construction cost overruns, which are defined as any amount in excess of the total cost of the accepted bid and reasonable contingency amount included in the construction contract.

L. SANBAG Project Management for Valley Freeway Interchange Program Projects

Policy VFI-31: Management of projects in the Valley Freeway Interchange Program shall be the responsibility of local jurisdictions. However, SANBAG, at the option of the Board of Directors, may assume project management responsibilities for a Valley Freeway Interchange project under one or more of the following conditions:

- The public share percentage of the project is greater than 50%.
- Where federal or State funds with delivery time constraints have been secured for the project, where the funds would be withdrawn if the time constraints are not met, and where the withdrawal of funds would increase the amount of other public share funds needed to fund the project. Alternatively, a local jurisdiction may assume the lead if it agrees to be responsible for the loss of any federal or State funds withdrawn as a result of not meeting the time constraints.
- Where SANBAG staff has identified reconstruction of an interchange as necessary prior to or as part of the construction of a San Bernardino Valley Freeway Program project.

The existence of any of the above conditions shall not obligate SANBAG to manage the project.

Policy VFI-32: For projects subject to SANBAG project management pursuant to Policy VFI-31, project management costs will be included as part of the project cost and the costs will be distributed per the public and private share percentages established by the Nexus Study.

Policy VFI-33: Local jurisdictions may request that SANBAG manage interchange projects for which SANBAG does not opt to assume project management responsibilities under Policy VFI-31. SANBAG may agree to assume management responsibilities under the following conditions:

- The sponsoring agency must provide a written request for SANBAG management of the interchange project.
- SANBAG determines that it has available staff or consultant resources to manage the project.
- The request is approved by the SANBAG Board.

Subject to these conditions, a cooperative agreement specifying management services must be approved by the city council/Board of Supervisors representing the agency sponsoring the project, and the SANBAG Board.

Policy VFI-34: For projects subject to SANBAG project management pursuant to Policy VFI-33, local jurisdictions shall pay 100% of actual SANBAG project management costs, to be estimated in advance by SANBAG.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VMS
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Major Street Program Policies Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Major Street program for Measure I 2010-2040. The policy establishes the funding apportionment and allocation process, the process for establishing and monitoring equitable shares for individual jurisdictions, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Capital Projects Needs Analysis – A five-year plan of capital projects needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent State fiscal year.

Equitable share of funding - The percentage of Measure I Arterial Sub-program funding guaranteed to each Valley jurisdiction over the life of Measure I 2010-2040. The percentage is the ratio of public share costs for each jurisdiction's arterial projects to total Valley arterial public share costs in the Development Mitigation Nexus Study approved by the SANBAG Board in November 2007.

Development share–

A portion of the project cost calculated by multiplying the developer contribution percentage identifed in the Development Mitigation Nexus Study times the cost of the project.

Public share– Portion of the project calculated as the total cost minus the development share.

Reserved account – An account of Measure I dollars from the the arterial portion of the Major Street Program retained by SANBAG for each jurisdiction that can be accessed by a 1:1 match with development contributions. For each dollar of required development share pursuant to the Development Mitigation Nexus Study, one dollar is retained in the reserved account until matching funds are available.

Unreserved account – An account representing a jurisdiction's equitable share of the arterial portion of the Valley Major Street funds minus the dollars in the reserved account. Jurisdictions may access the unreserved account with no development contribution match.

IV. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – CREATION OF SUB-PROGRAMS

Policy VMS-1: The Valley Major Street Program shall be divided into two sub-programs: 1) a Rail-Highway grade separation sub-program, and 2) an arterial sub-program.

Policy VMS-2: The SANBAG Board may vary the apportionments to each of the sub-programs from year to year, but over the life of Measure I 2010-2040, the Rail-Highway grade separation subprogram shall receive 20% of Measure I funds available in the Major Street Program based on the public share of the project costs in the 2007 update of the Nexus Study. Adjustments shall be made for the time-value of money to ensure that both sub-programs receive their equitable share of Valley Major Street Program funds over the life of the Measure, regardless of when projects are constructed.

Policy VMS-3: If it is apparent in future updates of the Strategic Plan that fewer Measure I dollars are required for grade separations than the 20% allocation referenced above, all or a portion of the projected excess may be transferred to the arterial subprogram by action of the SANBAG Board of Directors.

V. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – RAIL-HIGHWAY GRADE SEPARATION SUB-PROGRAM

A. Rail-Highway Grade Separation Sub-program - Allocation of Measure I 2010-2040 Funding

Policy VMS-4: The SANBAG Board of Directors shall allocate funding to specific Valley Rail-Highway Grade Separation projects as nominated by local jurisdictions through their five-year Capital Projects Needs Analysis. If nominations exceed the available funding, SANBAG shall allocate funds to sponsors of the nominated projects in order of project priority pursuant to the grade separation prioritization table in the most recent version of the Development Mitigation Nexus Study. (Note: table to be provided in the Spring 2009 update of the Nexus Study.) Fund allocation shall anticipate the Measure I public share costs in subsequent years for a project so that the intent of Policy VMS-5 below can be achieved. Funding for initial phases of projects lower on the prioritized list may be deferred depending on the outcome of the annual cash flow analysis. Timely funding through construction of projects that have already received initial allocations shall receive highest priority, even if the nominations are less than available funding for any given year.

Policy VMS-5: Allocations to a Valley rail-highway grade separation project shall be limited to the current phase of the project. However, an allocation of funds to the Project Approval and Environmental Documentation (PA&ED) phase or to a subsequent phase prior to construction shall represent a commitment by SANBAG to timely funding of the public share of the project through construction, subject to the availability of Measure I, State, and federal funds.

B. Rail-Highway Grade Separation Sub-program - Cost Reimbursement

Policy VMS-6: The Valley Rail-Highway Grade Separation Sub-program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG, as specified in Policy 40000-VS, prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Funding Agreement.

Policy VMS-7: Advanced reimbursement of anticipated expenses shall be available to jurisdictions on an exception basis, subject to SANBAG Board approval. Such advanced reimbursements shall be limited to the public share of right-of-way acquisition cost and based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow.

C. Rail-Highway Grade Separation Sub-program – Local Jurisdiction Invoices

Policy VMS-8: Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a grade separation project as identified in the scope of work included in the Funding Agreement. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VMS-9: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VMS-10: The sponsoring agency shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

D. Rail-Highway Grade Separation Sub-program - Local Jurisdiction Reimbursement Schedule

Policy VMS-11: SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package as described in Policy VMS-9.

E. Rail-Highway Grade Separation Sub-program Eligible Projects

Policy VMS-12: Valley rail-highway grade separation projects included within the SANBAG Development Mitigation Nexus Study, as periodically updated, are the only projects eligible to be funded by the Valley Rail-Highway Grade Separation Sub-program.

Policy VMS-13: No new project shall be added to the Valley Rail-Highway Grade Separation Project List included in the Nexus Study unless the sponsoring agency can provide a comparable reduction in the public share cost, either by eliminating another grade separation project of comparable cost or increasing the fair share collection so as to avoid a net increase in public share cost, as adjusted for inflation.

F. Rail-Highway Grade Separation Sub-program - Prioritization

Policy VMS-14: Valley Rail-Highway Grade Separation Sub-program funding, if available, shall be allocated to projects nominated by local jurisdiction sponsors and in accordance with the prioritization list included in the most recent version of the Development Mitigation Nexus Study. (Note: table to be provided in the Spring 2009 update of the Nexus Study.) . Nominations by sponsoring agencies occur through inclusion of the candidate project in the sponsor's five-year CPNA for the year of the requested allocation.

Policy VMS-15: The Valley Rail-Highway Grade Separation Sub-program prioritization list shall be updated every two years, in conjuction with updates of the Nexus Study.

Policy VMS-16: A local jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement, which shall include the scope of work of a project or project phase and a commitment to provide the development share of the funding through all the phases of the project. The Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Funding Agreement.

Policy VMS-17: Local jurisdictions that desire to deliver a Valley Rail-Highway Grade Separation Sub-program project to which funds cannot be allocated in a given year shall be eligible for reimbursement through the Advanced Expenditure process outlined in Policy 40000-AE.

G. Rail-Highway Grade Separation Sub-program - Development Mitigation Fair Share Loans and Loan Repayment

Policy VMS-18: On an exception basis, project sponsors may request loans from SANBAG for the private share to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors. Approved loans of Measure I to cover a development mitigation fair share requirement shall be subject to the following terms to avoid disadvantage to other jurisdictions:

- Repayment shall include interest equivalent to the annual yield for the most recent fiscal year for the Local Agency Investment Fund (LAIF).
- The repayment term shall be based on a fixed-term repayment schedule established within the loan agreement. No loan shall be granted a repayment period greater than 10 years.
- Failure to make payments consistent with the terms of the loan agreement will result in the jurisdiction's loss of access to new allocations of Measure I 2010-2040 Valley Major Street and

Valley Freeway Interchange Program funds until payments are brought back to a level consistent with the terms of the loan agreement.

- SANBAG reserves the right to audit local jurisdiction development mitigation accounts to verify development fee collections used as the basis of loan repayment.

H. Rail-Highway Grade Separation Sub-program - Development Mitigation Fair Share Credit Agreements

Policy VMS-19: Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements shall be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide for SANBAG review of credit agreements to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy VMS-20: A copy of the credit agreement and invoices to substantiate quantities and unit costs for a Nexus Study project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VMS-21: Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

I. Rail-Highway Grade Separation Sub-program - Eligible Expenditures

Policy VMS-22: Eligible Valley Rail-Highway Grade Separation Sub-program expenditures shall include the costs for project phases of any Valley grade separation project included in the SANBAG Nexus Study and as specifically documented in the Funding Agreement.

Policy VMS-23: The following costs are ineligible for reimbursement from the Valley Rail-Highway Grade Separation Sub-program:

- Additional environmental or architectural enhancement not required as part of the mitigation pursuant to the approved environmental document(s) for the project.
- Project oversight costs, with the exception of construction support costs
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project.
- Additional project scope not included in the Funding Agreement between the sponsoring agency and SANBAG

J. Rail-Highway Grade Separation Sub-program - Construction Cost Overruns

Policy VMS-24: Jurisdictions shall bear full responsibility for construction cost overruns, which are defined as any amount in excess of the total cost of the accepted bid and reasonable contingency amount included in the construction contract.

K. SANBAG Project Management for Rail-Highway Grade Separation Sub-program Projects

Policy VMS-25: Management of projects in the Rail-Highway Grade Separation Sub-program shall be the responsibility of local jurisdictions. However, SANBAG, at the option of the Board of Directors, may assume project management responsibilities for any grade separation project.

Policy VMS-26: For projects subject to SANBAG project management pursuant to Policy VMS-25, project management costs shall be included as part of the project cost and the costs will be distributed per the public and private share percentages established by the Nexus Study.

Policy VMS-27: Local jurisdictions may request that SANBAG manage grade separation projects for which SANBAG does not opt to assume project management responsibilities under Policy VMS-25. SANBAG may agree to assume management responsibilities under the following conditions:

- The sponsoring agency must provide a written request for SANBAG management of the grade separation project
- SANBAG determines that it has available staff or consultant resources to manage the project The request is approved by the SANBAG Board.

Subject to these conditions, a cooperative agreement specifying management services must be approved by the city council/Board of Supervisors representing the agency sponsoring the project, and the SANBAG Board.

Policy VMS-28: For projects subject to SANBAG project management pursuant to Policy VMS-27, local jurisdictions shall pay 100% of actual SANBAG project management costs, to be estimated in advance by SANBAG.

VI. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – ARTERIAL SUB-PROGRAM

A. Arterial Sub-program - Allocation of Measure I 2010-2040 Funding

Policy VMS-29: An equitable share percentage of Arterial Sub-program funds shall be guaranteed to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below. The equitable share percentages shall be based on the Development Mitigation Nexus Study update approved by the SANBAG Board in November 2007 and provided for reference in Part 1 of the Strategic Plan, Section IV.B.6.

Policy VMS-30: The SANBAG Board shall apportion Measure I dollars to the Arterial Sub-program and to Valley jurisdictions, based on the equitable share percentages for arterial projects in Table 1. SANBAG staff shall maintain a cumulative accounting of jurisdiction apportionments, adding new apportionments to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

Policy VMS-31: Equitable shares may be adjusted based on annexation of unincorporated areas into a city. SANBAG shall recalculate the equitable shares based on the redistribution of growth between the base year (2004) and the forecast year (2030). The adjustment shall be approved by the SANBAG Board and included in an amendment to the Development Mitigation Nexus Study.

Policy VMS-32: Each annual apportionment of Measure I dollars to a jurisdiction shall be split into reserved and unreserved portions. The reserved portion shall equal the development fair share percentage of the apportioned amount.

Policy VMS-33: SANBAG shall make time-value of money adjustments to ensure that each jurisdiction receives its equitable share of Measure I arterial subprogram funding, regardless of whether it delivers its projects early or later in the 2010-2040 period. The adjustments shall be made in accordance with Policy 40000-VS.

Policy VMS-34: Borrowing may be authorized by the SANBAG Board from the unused portion of jurisdiction accounts to deliver projects in other Valley programs or to reimburse another jurisdiction for early delivery of Major Street Program projects.

- Borrowing to fund projects in another jurisdiction shall be limited such that no jurisdiction gets more than five years ahead of its projected equitable share.
- This cap shall be reduced in the last 10 years of Measure I 2010-2040 to ensure that equitable shares are achieved by 2040.
- SANBAG shall be responsible for ensuring that the borrowing of apportionments does not jeopardize the timely reimbursement of expenditures for any of the Valley jurisdictions that have sufficient apportionments to fund their projects.

B. Arterial Sub-program – Jurisdiction Master Agreement

Policy VMS-35: A Jurisdiction Master Agreement shall be executed between SANBAG and each local jurisdiction in the Valley documenting the procedures to be employed in implementing the Valley Arterial Sub-program. The agreement shall also include information such as project eligibility criteria, apportionment process, equitable share percentages, invoicing procedures, reimbursement commitments, and rights of SANBAG to audit local jurisdiction transactions and accounts associated with the expenditure of Arterial Sub-program funds and development mitigation accounts.

Policy VMS-36: The Jurisdiction Master Agreement shall reference the table of local jurisdiction cumulative apportionments to be approved by the SANBAG Board in approximately January of each year.

C. Arterial Sub-program - Cost Reimbursement

Policy VMS-37: Jurisdictions may access Measure I revenue available in both the reserved and unreserved portions of their account by submitting project expenditure invoices to SANBAG, subject to the Jurisdiction Master Agreement and to the additional policies stated below.

Policy VMS-38: The reserved portion of a jurisdiction's account may be accessed (i.e. reimbursed to a jurisdiction) on a 1:1 basis as development dollars are expended on projects, up to the cumulative apportionment in jurisdiction accounts. Thus, the entire reserved portion of the account may be accessed if an equivalent expenditure occurs from development contributions.

Policy VMS-39: The unreserved portion may be accessed without a development mitigation requirement, up to the current apportionment limit, by submitting invoices for actual project expenditures to SANBAG

Policy VMS-40: SANBAG shall maintain ongoing documentation of cumulative apportionments for reserved and unreserved accounts for each jurisdiction, expenditures that have drawn down those accounts, and current account balances. The documentation shall be available to jurisdictions on a request basis and shall be periodically reported to appropriate policy and technical committees.

Policy VMS-41: On an exception basis, SANBAG may reimburse jurisdictions in advance for anticipated large expenditures such as right-of-way acquisitions or significant construction expenditures. Prior to advanced reimbursement, the proper documentation must be provided (e.g. executed construction contract and notice to proceed or contract for the sale of property) as the basis of reimbursement.

Policy VMS-42: The advance expenditure process referenced in Policy 40000-AE allows jurisdictions to expend funds in excess of their cumulative apportionment, with delayed reimbursement. The public share of advance expenditures shall be reimbursed when future apportionments are authorized. Access to unreserved and reserved accounts shall be tracked separately.

D. Arterial Sub-program – Local Jurisdiction Reimbursement

Policy VMS-43: Local jurisdictions may submit invoices to SANBAG for actual expenditures incurred for components of any arterial project listed within the first two years of their current CPNA. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VMS-44: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor, which shall include unit costs, quantities, labor rates, and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VMS-45: Local jurisdictions shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

Policy VMS-46: SANBAG shall reimburse local jurisdictions for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package, which shall include all backup and support materials required to substantiate the expenditures.

E. Arterial Sub-program - Eligible Expenditures

Policy VMS-47: Eligible Arterial Sub-program expenditures shall include the costs for project phases of any Valley arterial project included in the SANBAG Nexus Study.

Policy VMS-48: The following costs are ineligible for reimbursement from the Arterial Sub-program:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs, with the exception of construction support costs
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project.

- Additional project scope not included in the Funding Agreement between the sponsoring agency and SANBAG

Policy VMS- 49: SANBAG shall not reimburse a jurisdiction for expenditures on projects that are not listed in the Nexus Study or the local jurisdiction development impact fee plan.

Policy VMS-50: SANBAG shall reimburse jurisdictions for the public share of eligible project expenses, including reimbursement requested for costs in excess of prior cost estimates, up to the jurisdiction's current apportionment limit. All expenditures, including any overrun amounts shall be included as part of the equitable share calculation for the responsible jurisdiction.

F. Arterial Sub-program - Development Mitigation Fair Share Loans and Loan Repayment

Policy VMS-51: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development share for projects. The development mitigation account shall be reimbursed as development occurs.

Policy VMS-52: Loans for private shares shall not be available from SANBAG for projects in the Arterial Sub-program.

Policy VMS-53: SANBAG reserves the right to selectively audit local jurisdiction development mitigation accounts to monitor the repayment of internal loans.

G. Arterial Sub-program - Development Mitigation Fair Share Credit Agreements

Policy VMS-54: Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements shall be strictly between the local jurisdiction and the developer.

Policy VMS-55: A copy of the credit agreement and invoices to substantiate quantities and unit costs for a Nexus Study project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VMS-56: Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

VII. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VMPR
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Metrolink/Passenger Rail Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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Note: This area is used to link to bookmarks inserted in the main paragraph headings.

I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Metrolink and Passenger Rail Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems, including the passenger rail program.

IV. POLICIES FOR THE VALLEY SUBAREA METROLINK AND PASSENGER RAIL PROGRAM

A. Organization of the Valley Metrolink and Passenger Rail Program

Policy VMPR-1: The Valley Metrolink and Passenger Rail Program shall follow the intent of Ordinance 04-01, i.e., to provide funding for capital improvements for the Metrolink commuter rail operations serving San Bernardino County; to establish a new passenger rail service operating between the cities of San Bernardino and Redlands; and to extend the LA Metro Gold Line to the Montclair Transit Center.

Policy VMPR-2: Eight percent (8%) of the revenue collected within the Valley subarea shall be apportioned to the Metrolink and Passenger Rail Program account.

B. Eligible Expenditures

Policy VMPR-3: The following expenditures shall be eligible under the Valley Metrolink and Passenger Rail Program:

- Metrolink - The purchase of additional commuter rail passenger cars and locomotives for use on Metrolink lines serving San Bernardino County; the construction of additional track capacity necessary to operate more Metrolink trains serving San Bernardino County; matching federal and state funds used to maintain the railroad track, signal systems, and road crossings for passenger rail service.
- Redlands Passenger Rail - The acquisition of equipment, construction and operation of a new passenger rail service connecting the cities of San Bernardino and Redlands. It is anticipated that Metrolink will be the lead agency for the construction project and will operate the service.
- LA Metro Gold Line - The construction and operation of an extension of the LA Metro Gold Line to the Montclair Transit Center. It is anticipated that the Metro Gold Line Foothill Extension Construction Authority will be the lead agency for the construction project and LA Metro will be the operator..

C. Allocation of Valley Metrolink and Passenger Rail Program Funding

Policy VMPR-4: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in the Passenger Rail SRTP.

Policy VMPR-5: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within the Valley, unless there is also a residual balance of revenue available.

D. Disbursement of Valley Metrolink and Passenger Rail Program Funds

Policy VMPR-6: Funds approved for allocation by the SANBAG Board for Metrolink capital improvement projects shall be consistent with the annual apportionment agreed to by the SANBAG Board and identified in the adopted Southern California Regional Rail Authority (SCRRA) budget. Funds shall be disbursed to SCRRA within thirty (30) days of the receipt of each quarterly invoice.

Policy VMPR-7: Funds approved by the SANBAG Board for the Redlands passenger rail project shall be allocated to SCRRA in the amount identified in the annual adopted SCRRA budget and agreed to by the SANBAG Board. Funds shall be disbursed within thirty (30) days of the receipt of each quarterly invoice.

Policy VMPR-8: Funds approved by the SANBAG Board for allocation for Metro Gold Line extension to the Montclair Transit Center shall be allocated to the Metro Gold Line Construction Authority (Authority) in the amount identified in the Authority's annual adopted budget and agreed upon by the SANBAG Board. Funds shall be disbursed within thirty (30) days of the receipt of each quarterly invoice.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VEB
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Express Bus & Bus Rapid Transit Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Express Bus & Bus Rapid Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms and project eligibility

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected tranist services levels, operating and capital improvement expenses, updated biennially and submited to SANBAG by local transit systems.

Express Bus Service – Limited stop regularly scheduled bus service operating over State highways and/or freeways and taking advantage of High Occupancy Vehicle (HOV) lanes where available.

Bus Rapid Transit Service – A flexible, high performance rapid transit mode that combines a variety of physical, operating and system elements into a permanently intergrated system with a quality image and unique idenitity[1].

IV. POLICIES FOR THE VALLEY EXPRESS BUS & BUS RAPID TRANSIT PROGRAM

A. Organization of the Valley Express Bus and Bus Rapid Transit Program

Policy VEB-1: The policies for the Valley Subarea Express Bus and Bus Rapid Transit (BRT) Program shall follow the intent as contained in Ordinance 04-01, i.e., the development, implementation and operation of express bus and bus rapid transit, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea.

Policy VEB-2: Upon the initial collection of revenue this Program shall receive two percent (2%) of the revenue collected in the Valley Subarea. Effective ten years following the initial collection of revenue, the amount of revenue made available to this Program shall increase to at least five percent (5%), but not more than ten percent (10%) upon approval by the Authority Board. The Valley Major Streets Program shall be reduced by a like amount. Amendments beyond those authorized in the Expenditure Plan shall require a formal amendment as provided by the ordinance.

B. Eligible Expenditures

Policy VEB-3: Eligible projects shall include contributions to operating and capital costs associated with implementing high-speed, express-type bus service in high density travel corridors, as defined by the terms "Express Bus" and "Bus Rapid Transit" above. Capital cost shall include: the purchase of revenue vehicles and accessories; the construction of BRT stations, including the purchase and installation of prepaid fare media and custom shelters; the construction of dedicated BRT guideways; and the purchase and installation of BRT ITS applications such as next bus notification and traffic signal prioritization. The cost of construction projects shall be phased, i.e., preliminary engineering and environmental documentation, right of way acquisition and construction.

C. Project Selection and Prioritization

Policy VEB-4: The first project to receive an allocation from this Program will be the Omnitrans "E" Street *sbX* Bus Rapid Transit (BRT) project. In Fiscal Year 2007-2008, Omnitrans received authorization from the Federal Transit Administration to enter into the Project Development Phase for the "E" Street BRT project utilizing funds made available from the FTA Small Starts Capital Investment Grant Program. All of the revenue collected for the Program through Fiscal Year 2011-2012 shall be made available to the "E" Street BRT project.

Policy VEB-5: The Authority and Omnitrans staff shall confer on a biennial basis, beginning in Fiscal Year 2010-2011, to determine whether the creation of Sub-Programs for Express Bus and BRT should be recommended to the Authority Board. Such a recommendation shall take into consideration the conversion of existing no-cost cooperative service agreements with external transit agencies providing express bus service into the Valley, as well as any new cooperative service agreements, to a cost-reimbursement cooperative agreement that includes the sharing of passenger revenue and any beneficial impact such a conversion would have on the Omnitrans farebox recovery ratio and the amount of additional federal formula funds that would be apportioned to the Valley.

Policy VEB-6: The Long Range Transit Plan, currently under development, will identify and prioritize feasible BRT corridors.

Policy VEB-7: The criteria for selecting BRT corridors for funds shall include:

- Existing ridership
- Connectivity between key trip generators
- Geographic coverage of major residential areas and activity centers
- Potential for market penetration and growth in future transit demand
- Potential to provide superior service to long-distance transit riders
- Potential to positively influence community development/redevelopment and support the creation of livable communities
- Transit dependency based on demographic and land use patterns.
- Cost effectiveness of the project (annualized operating and capital cost/transit user benefit).
- Extent to which other revenue sources are included in the project financial plan, including corridor city and private development contributions.

Policy VEB-8: A key consideration shall be the willingness of the corridor jurisdictions to provide for higher-intensity transit oriented development to occur in the immediate vicinity of the proposed BRT stations, including adoption of required zoning and general plan land use designations prior to the corridor project receiving funding.

D. Allocation of Valley Subarea Express Bus and Bus Rapid Transit Program Funds

Policy VEB-9: The SANBAG Board of Directors shall annually allocate funding to specific Express Bus and BRT projects as approved in the Omnitrans SRTP.

E. Disbursement of Valley Subarea Express Bus and Bus Rapid Transit Funds

Policy VEB-10: Funds allocated for Express Bus operating expenses, whether directly operated or covered under a cost-reimbursement and revenue sharing cooperative service agreement, during any given Fiscal Year shall be disbursed quarterly in arrears. The disbursement of funds will occur within thirty (30) days of the receipt of a quarterly invoice documenting the total operating expenses incurred and passenger revenue received for the quarter.

Policy VEB-11: Funds allocated for Express Bus capital expenses shall be disbursed within thirty (30) days of the receipt of a copy of the procurement invoice for capital items.

Policy VEB-12: Funds allocated for BRT capital projects shall be disbursed within thirty (30) days of the receipt of a copy of either the procurement invoice for capital items or documentation of progress payments made during the preliminary engineering and environmental documentation, right of way acquisition and/or construction phases.

Policy VEB-13: Funds allocated for BRT operating expenses during any given Fiscal Year shall be disbursed quarterly in arrears. The disbursement of funds will occur within thirty (30) days of the receipt of a quarterly invoice documenting the total operating expenses incurred and passenger revenue received for the quarter.

[1] Levinson et al., **Bus Rapid Transit – Implementation Guidelines,** *TCRP Report 90-Volume II*

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VSDT
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Senior and Disabled Transit Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA) – An agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

IV. POLICIES FOR THE VALLEY SUBAREA SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Valley Subarea Senior and Disabled Transit Program

Policy VSDT-1: The Valley Subarea Senior and Disabled Transit Program shall follow the intent of Ordinance 04-01, i.e., to reduce fares and enhance service for senior citizens and persons with disabilities and to support the creation and operation of a Consolidated Transportation Services Agency (CTSA) which will be responsible for the coordination of transit services provided to seniors and persons with disabilities.

Policy VSDT-2: Six percent (6%) of the revenue collected within the Valley subarea shall be apportioned to the Senior and Disabled Transit Program account. A minimum of two percent (2%) of the revenue collected within the Valley shall be made available for the creation and operation of a CTSA.

B. Eligible Expenditures

Policy VSDT-3: The following shall be eligible expenditures under the Valley Subarea Senior and Disabled Transit Program:

1. CTSA Program.

At least 25% of the Valley Senior and Disabled Transit Program (2% of total Valley revenue) shall be made available for the formation and operation of a CTSA.

2. Fare Subsidy Program.

a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities using the Omnitrans transit services. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds. It is the intent of the Valley fare subsidy program that the amount of fare subsidy provided per eligible passenger trip will be the same without regard to the mode of travel (fixed route, Access, or Omnilink).

b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

3. Service and Capital Subsidy Program.

a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities operated by Omnitrans and/or the CTSA. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

b. For general public transportation services, the percentage of Senior and Disabled Transit Program funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with the Omnitrans and/or the CTSA.

d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer's awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided. These program funds may also be used for complaint mediation services for transportation services to elderly individuals and individuals with disabilities.

e. Senior and Disabled Transit Program funds may be used by Omnitrans and/or the CTSA as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy VSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit and social service transportation services.

Policy VSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) and other funds used to support social service transportation contributed toward transportation operating expenses in Fiscal Year 2008/2009 adjusted by the Los Angeles, Riverside and Orange Counties area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy VSDT-6: Exceptions to Maintenance of Effort

a. An exception to the maintenance of effort shall apply if: (1) all of the LTF apportioned to the Valley is being used to support transit services; (2) the amount of federal and state transportation funding is reduced from the amount received in the prior year; or (3) the amount of social service funding provided for transportation purposes is reduced from the amount received in the prior year.

D. Allocation of Valley Subarea Senior and Disabled Program Funding

Policy VSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in the Omnitrans and/or CTSA SRTP.

Policy VSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within the Valley, unless there is also a residual balance of revenue available.

E. Disbursement of Valley Subarea Senior and Disabled Transit Program Funds

Policy VSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to Omnitrans and/or the CTSA within thirty (30) days of the end of each quarter. For example, the disbursement of each fiscal year first quarter (July through September) funds would occur during the month of October.

Policy VSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to Omnitrans and/or the CTSA within thirty (30) days of the end of each quarter. The amount to be disbursed shall be determined through the receipt of an invoice from the Omnitrans and/or the CTSA documenting the number of elderly individuals and individuals with disabilities using the service in the prior quarter and the amount of fare subsidy applied for each counted passenger.

Policy VSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from Omnitrans and/or the CTSA.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VTMS
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Valley Traffic Management Systems Policies Measure I 2010-2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Traffic Management System funds from Measure I 2010-2040 for the San Bernardino Valley Subarea.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

None

IV. POLICIES FOR THE VALLEY TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. General Policies

The following policies and criteria are to be used by SANBAG staff to assess the suitability and relative merits of projects proposed to be funded from the Measure I Traffic Management System Program.

Policy TMS-1: The TMS Program should fund both traffic management and environmental enhancement planning and plan implementation.

Policy TMS-2: The types of projects eligible for use of TMS Program funds include but are not limited to synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, corridor greenbelts, HOV inducements, bike and pedestrian trails, open space development, and air quality-related inducements, including alternate fuel programs.

Policy TMS-3: The funds shall not be expended for actual capital improvements, but shall be used as "seed money" to support planning and creation of long-term or permanent transportation management programs and environmental enhancements.

Policy TMS-4: No formal division of funding between traffic management projects and environmental projects is desirable, but a reasonable balance between the two categories will be maintained.

Policy TMS-5: Expenditures in a given year may exceed the funds received by the program that year, as long as repayment to the source of the additional funds occurs in subsequent years, accurate project tracking and accounting procedures are maintained, including time-value of money considerations and TMS expenditures over the life of Measure I do not exceed 2 percent of total Measure I revenues.

B. Project Selection and Prioritization Criteria

Policy TMS-6: Projects funded by the TMS Program shall be of multi-jurisdictional significance; the proposed project shall involve at least three jurisdictions directly, and indirect benefits of the project should affect much of the Valley region.

Policy TMS-7: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy TMS-8: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority funding from this program.

Policy TMS-9: Projects sponsored or co-sponsored by entities which will share in funding or match TMS Program funds will receive priority.

Policy TMS-10: Projects which propose to use TMS funds in a cost-effective manner, including leveraging of additional funds for use by the project or beneficial multiplier effects, shall receive priority.

Policy TMS-11: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-VVPA&AE
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Victor Valley Project Advancement and Advance Expenditure Policies Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Victor Valley Project Advancement (PA) and Advance Expenditure (AE) processes. Both the PA and AE processes enable local jurisdictions to advance funding for development and construction of Measure I projects prior to the availability of Measure I 2010-2040 revenue for those projects. The policies establish project eligibility criteria and reimbursement terms for each process. The PA process allows for reimbursement on projects that execute a PAA no later than July 1, 2009. After July 1, 2009 expenditures on projects included on the Victor Valley Major Local Highway candidate project list may be eligible for reimbursement or credit under the AE process, subject to approval by the Mountain/Desert Committee and the SANBAG Board.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan
2. Policy 4000-VVMLH: Victor Valley Major Local Highway Program

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III. DEFINITIONS

a. **Project Advancement Agreement (PAA)** - A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the PA process.
b. **Advance Expenditure Agreement (AEA)** – A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the AE process.
c. **Development share** – The share of project cost calculated as the developer contribution percentage as listed in the SANBAG Nexus Study times the total cost of the project.
d. **Public share** – The share of project cost calculated as the total cost of the project minus the developer share.

IV. POLICIES FOR THE VICTOR VALLEY PROJECT ADVANCEMENT PROCESS

A. General Policies

Policy VVPA-1: Public share costs for eligible projects in the Victor Valley Major Local Highway (MLH) Program may be reimbursed through execution of a Project Advancement Agreement (PAA), subject to the terms and conditions contained in the agreement.

Policy VVPA-2: SANBAG commitments under the PA process for reimbursement from Victor Valley Major Local Highways Program funds shall be recommended by the Victor Valley subarea representatives and the Mountain Desert Committee and approved by the SANBAG Board. All commitments, including the specific amount of public share cost to be reimbursed, are subject to the policies in the Victor Valley Major Local Highways Program.

Policy VVPA-3: Only projects included in the most recent Board-approved version of both the Development Mitigation Nexus Study and the Victor Valley MLH candidate project list shall be eligible for reimbursement under the PA process. See Policy 40000-VVMLH for a description of how the project list is developed.

Policy VVPA-4: Only projects with an executed PAA as of July 1, 2009 shall be eligible for reimbursement under the PA process in the Victor Valley Subarea.

Policy VVPA-5: The PAA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG for projects being reimbursed under the PA process.

Policy VVPA-6: Any public share project costs incurred for Nexus Study projects prior to July 1, 2009 without an executed PAA shall not be reimbursed by SANBAG under the PA process.

B. Reimbursement

Policy VVPA-7: SANBAG shall reimburse jurisdictions with approved PAAs up to the public share approved by the SANBAG Board through PolicyVVPA-2, or the public share of the actual cost, whichever is less.

Policy VVPA-8: Expenditures incurred prior to April 5, 2006 (the date when the model agreement for the Project Advancement process was adopted by the SANBAG Board of Directors) shall not be reimbursed.

Policy VVPA-9: SANBAG shall reimburse each local jurisdictions having one or more PAAs executed under the Victor Valley MLH Program with up to 20% of annual program revenues until the PAA is fully reimbursed.

Policy VVPA-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in invoices submitted for reimbursement under the PA process. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VVPA-11: SANBAG shall administratively reimburse local jurisdictions with PAAs in the order of expenditure as established by the date of invoice received for a PAA project.

Policy VVPA-12: Reimbursements by SANBAG for eligible expenditures shall be provided on a quarterly basis. Reimbursements shall occur beginning in July 2010 following the quarterly reconciliation of sales tax dollars by the State Board of Equalization. Quarterly reimbursements from the Victor Valley MLH Program shall occur until all local jurisdictions with PAAs are reimbursed.

C. Equitable Share Calculation

Policy VVPA-13: For the Victor Valley MLH Program, reimbursement pursuant to PAAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40000-VVMLH, maintained by SANBAG to ensure equity over the life of the Measure.

V. POLICIES FOR THE VICTOR VALLEY ADVANCE EXPENDITURE PROCESS

A. General Policies

Policy VVAE-1: Jurisdictions that deliver Victor Valley MLH Program projects from the candidate project list may expend local jurisdiction funds with the expectation of later reimbursement of the public share costs by SANBAG, subject to the terms of the Advance Expenditure process. SANBAG's commitment to reimburse a jurisdiction under the AE shall be subject to the project priorities and policies referenced in Policies 40000-VVMLH.

Policy VVAE-2: SANBAG commitments under the AE process for reimbursement from Victor Valley Major Local Highways Program funds, including the specific amount of public share cost to be reimbursed, shall be recommended by the Victor Valley subarea representatives and the Mountain Desert Committee and approved by the SANBAG Board.

Policy VVAE-2: Only projects included in the most recent Board-approved version of the Development Mitigation Nexus Study and included in the Victor Valley MLH candidate project list shall be eligible for the AE Program.

Policy VVAE-3: Reimbursement for a project under the AE process may take the form of monetary compensation for the public share cost of the project as defined in the AE Agreement, or credit for the same amount against the development share of one or more subsequent projects within the same Measure I Program.

B. Victor Valley MLH Projects

Policy VVAE-4: All Victor Valley MLH Program projects for which jurisdictions desire reimbursement under the AE process shall execute an Advance Expenditure (AE) Agreement with SANBAG. For multi-jurisdictional projects, the AE Agreement shall be between the majority share jurisdiction and SANBAG.

Policy VVAE-5: The AE Agreement shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG and is required to be executed prior to project cost reimbursement or credit under the AE process.

Policy VVAE-6: For Victor Valley MLH Program projects, public share project costs incurred for Nexus Study projects and included in the Victor Valley MLH candidate project list in advance of an executed AE Agreement shall not be reimbursed by SANBAG, nor shall they be credited against the development share of a future project.

Policy VVAE-7: SANBAG shall begin reimbursement for phases of a Victor Valley MLH Program project in the first year that funding becomes available to the project based on a revenue forecast provided at the time of the AE Agreement's execution. Provisions for modification and contingencies shall be included in the Victor Valley AE Agreement.

Policy VVAE-9: SANBAG shall only reimburse or provide credit to jurisdictions with approved AE projects up to the amount approved by the SANBAG Board under Policy VVAE-2,or the public share of the actual project cost, which ever is less.

Policy VVAE-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		Policy	40000-VVLS
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Victor Valley Local Streets Program **Measure I 2010 – 2040 Strategic Plan**		Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements for the Victor Valley Local Streets Program, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.
2. SANBAG Congestion Management Program

III. DEFINITIONS

a. **Local Street Projects**: Local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities.

b. **Population**: For incorporated cities, the population is determined annually by the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas of the Valley Subarea, the population is determined annually by the County Planning Department, reconciled with the State Department of Finance population estimate as of January 1 of that year.

c. **Tax Generation**: Tax Generation is based on the sales tax generated in the jurisdiction as calculated by the State Board of Equalization.

d. **Local Streets Allocation**: Each jurisdiction, after reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, receives an allocation of the remaining amount of funds in the Local Street Projects category based upon population (50%) and tax generation (50%).

e. **Five Year Plan**: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

IV. POLICIES FOR THE VICTOR VALLEY LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy VVLS-1 Each jurisdiction shall receive an allocation from 70% of the Measure I revenue, after reservation of 2% collected in the subarea for Project Development and Traffic Management Systems. The allocation methodology is determined based on

- 50% population. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate. Annual adjustments to the population estimates are made mid-year, based on availability of DOF estimates. Following approval of the population estimates by the Board, adjustments will be made to the local pass through fund allocations retroactive to January 1 of the year.
- 50% return to source. The sales tax estimates provided by the State Board of Equalization, updated quarterly based on the prior quarter's financial data, shall be used as the basis for making the return to source calculations.

Policy VVLS-2: Allocations of Local Street Program funds shall not be provided to agencies that have failed to submit their annual update of their Five Year Plan.

Policy VVLS-3: Allocations of Local Street Program funds shall be remitted monthly to local jurisdictions.

Policy VVLS-4: SANBAG will make the monthly allocations using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
b. Mutiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total amount of Local Streets Program funds available for distribution to local jurisdictions.
c. Divide the Local Streets Program fund into two 50% pools of funding.
d. Further divide one 50% portion of the Local Streets Program funding based on a jurisdiction's population share of the entire subarea population.
e. Further divide the second 50% portion of the Local Streets Program funding based on a jurisdiction's share of sales tax generation within the total subarea.
f. Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Streets Allocation for each jurisdiction.
g. Remit payment of Local Streets Program fund to local jurisdiction.

Policy VVLS-5: The Local Streets program allocation will be decreased by 0.5% beginning in 2015 with additional decreases of 0.5% every five years thereafter to a maximum of 2.5% to be allocated to the Senior and Disabled Transit Service Program. This change in allocation will occur automatically unless each jurisdiction in the subarea makes a finding that such increase in Senior and Disabled Transit Service Program is not needed to address unmet transit needs of senior and disabled transit users.

B. Development Fair Share Contribution

Policy VVLS-6: Development Fair Share Contribution is required by Measure I 2010-2040 for all capacity improvement projects on the Nexus Study Network, in the 2007 SANBAG Development Mitigation Nexus Study or by subsequent updates to the Nexus Study as may be adopted by the SANBAG Board of Directors in the urbanized Victor Valley. The urbanized Victor Valley is defined as the cities of Adelanto, Hesperia, Victorville, Town of Apple Valley and their spheres of influence.

Policy VVLS-7: Development Fair Share Contribution is required by Measure I 2010-2040 for all capacity improvement projects as identified by Traffic Impact Analysis (TIA) reports as required by the Congestion Management Program in the non-urban areas. The amount of the Development Fair Share Contribution for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy VVLS-8: Annually as part of its audit of each jurisdictions' use of Measure I funds, SANBAG will specifically look to make sure that the Development Fair Share Contribution towards capacity improvements to Nexus Study Network facilities is accounted for. If a material finding is made in the audit showing that the Development Fair Contribution was not made, then SANBAG may, as the Congestion Management Authority, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Plan.

Policy VVLS-9: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development fair share for projects that require them. The development mitigation account shall reimburse the source of the loan as development occurs.

C. Five Year Plan

Policy VVLS-10: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects which will be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and approved by the governing body.Policy VVLS-1: Five Year Capital Improvement Plans shall

a. Specifically identify improvements to be funded by Measure I by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.
b. Constrain the total amount of planned expenditures to 150% of SANBAG's forecasted revenue for Measure I Local Pass-Through Funds, plus any fund balances and/or revenue resulting from bonds secured by Measure I revenue.
c. Include no more than 50% of estimated annual revenue to general program categories for pavement management programs, system improvements, and general maintenance or other miscellaneous categorical expenditures.
    i. A general program category is a program of work without any identified streets. If a line item in the Five Year Capital Improvement Plan includes a list of the streets to which it will apply, then it does not have to count as a general program category (i.e. a city-wide AC overlay program that lists the streets to be included in the program).
d. Include named projects totaling 50% of annual expenditures in all five years of the Five Year Plan.
e. For capacity enhancement projects to Nexus Study Network roadways, include total estimated cost, Measure I share of project cost and development share of project cost. Maintenance projects or projects that do not enhance the capacity of a roadway do not require a development contribution to be included in the Five Year Plan.

Policy VVLS-11: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as a specific road improvement.

Policy VVLS-12: The Five Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in moving projects around in their Five Year Capital Improvement Plan based on the necessities of the jurisdiction. However, in order for a project to be eligible for expenditure of Local Streets funds, the project must be included in the Five Year Capital Improvement plan.

D. Eligible Expenditures

Policy VVLS-13: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-of-way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.
2) Change of alignment, profile, and cross-section.
3) Addition of a frontage street or road.
4) Original surfacing of shoulders.
5) Installation of original traffic signs and markers on routes.
6) Earthwork protective structures within or adjacent to the right-of-way area.
7) Complete reconstruction or addition to a culvert.
8) Reconstruction of an existing bridge or installation of a new bridge.
9) Widening of a bridge.
10) Installations or extensions of curb, gutter, sidewalks or underdrain.
11) Extensions and new installation of walls.
12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.
13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.
14) Improvement of a surface to a higher type.
15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.
18) Widening of existing street, roadbed or pavement, with or without resurfacing.
19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.
20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.
21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.
22) Extending old culverts and drains and replacing headwalls.
23) Replacement of bridge rails and floors to a higher standard.
24) Replacement of retaining walls to a higher standard.
25) Replacement of all major signs or traffic control devices on a street or road.
26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.
27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.
28) Installation or expansion of street or road lighting system.
29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.
30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.
31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.
32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.
33) Construction of pedestrian underpasses or overhead crossing for the general public use.
34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers and that portion of preemption equipment not mounted on motor vehicles.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:

1) Scarifying, reshaping and restoring material losses.
2) Applying dust palliatives.
3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.
4) Jacking concrete pavements.
5) Repair of traveled way and shoulders.
6) Bituminous material of less than 1" added to bituminous material including seal coats.
7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)
8) Patching operations including base restoration.
9) Resealing street or road shoulders and side street and road approaches.
10) Reseeding and resodding shoulders and approaches.
11) Reshaping of drainage channels and side slopes.
12) Restoration of erosion controls.
13) Cleaning culverts and drains.
14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)
15) Mowing, tree trimming and watering.
16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.
17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.
18) Cleaning, painting and repairing bridges and structures.
19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.
20) Repainting of pavements, striping and marking to the same standards.
21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.
22) Servicing lighting systems and street or road traffic control devices.
23) Furnishing of power for street and road lighting and traffic control devices.
24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.
1) Payroll
2) Facilities
3) Advertising
4) General Government
5) Department Accounts/Finance
6) Procurement
7) Top Management
8) General Accounting/Finance
9) Personnel
10) Data Processing
11) Legal Costs

E. Ineligible Expenditures

Policy VVLS-14: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:
1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.

2) New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.
3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.
4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.
5) Decorative lighting.
6) Park features such as benches, playground equipment, and rest rooms.
7) Work outside the right-of-way which is not a specific right-of-way obligation.
8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
9) Construction, installation or maintenance of cattle guards.
10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.
11) Maintenance or construction on alleys which have not been formally designated as part of the a city or county street and road system.
12) Non-street related salaries and benefits.
13) Driveways outside of the street and road right-of-way.
14) Electronic speed control devices or other non-highway related safety expenditures.

F. Accounting Requirements

Policy VVLS-15: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy VVLS-16 The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.
c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).
d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

Policy VVLS-17: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy VVLS-18 Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Right-of-way dispositions
- Federal and safety projects

Policy VVLS-19: Records

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.
b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments	**Policy**	40000-VVMLH
Adopted by the Board of Directors Month Day, Year	Revised	m/d/yyyy
Victor Valley Major Local Highways Program Measure I 2010 – 2040 Strategic Plan	Revision No.	0

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Note: This notice is only in effect when policy is posted to the SANBAG website.

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Note: This area is used to link to bookmarks inserted in the main paragraph headings.

I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Victor Valley Major Local Highways Program for Measure I 2010-2040. The policy establishes the funding apportionment and allocation process for establishing and monitoring equitable shares for individual jurisdictions, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG. The program will be funded by 25% of the total Measure I 2010-2040 revenue collected in the Victor Valley Subarea. This program will be used by local jurisdictions to fund Major Local Highways projects of benefit to the subarea.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan
2. 2007 SANBAG Congestion Management Program

III. DEFINITIONS

a. **Major Local Highways Projects: Major stre**ets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. These funds may also be used to leverage other state and fede**ral funds for transportation** projects and to perform planning/project reports.
b. **Development Fair Share**: The portion of the cost for regional transportation improvements (freeway interchanges, railroad grade crossings, and regional arterial highways) to be paid from contributions from new development.
c. **Capital Projects Needs Analysis**: A plan of projected local jurisdiction expenditures for the next five years on Major Local Highways eligible for Major Local Highways Program funds, updated annually and submitted to SANBAG by local jurisdictions. The Capital Project Needs Analysis includes anticipated funding sources, funding amounts, project phasing, and availability of development fair share funds.

IV. POLICIES FOR THE VICTOR VALLEY MAJOR LOCAL HIGHWAYS PROGRAM

A. Major Local Highways – Allocation to Eligible Projects

Policy VVMLH-1 - The Major Local Highways Program of the Victor Valley Subarea shall be funded from 25% of the Measure I 2010-2040 revenue collected within the subarea. This amount shall be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways.

Where appropriate, Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports.

Policy VVMLH-2 - Victor Valley Major Local Highways funds shall be allocated to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below.

a. Each jurisdiction shall receive an approximately equivalent share of the total revenue raised by Major Local Highways Program over the life of the Measure, as adjusted to account for the time-value of money, per Policy VVMLH-4 listed below.
b. If a jurisdiction receives proceeds from a bond sale secured by the Major Local Highways funds, then the portion of the debt service payment attributed to that jurisdiction's projects shall be counted toward that jurisdiction's equitable share percentage.
c. Allocations shall be made with an objective of allowing projects from each jurisdiction of the subarea to be developed during each 10 year period of the Measure's life. The intent is to spread projects so that no jurisdiction has to wait until the last part of the Measure to receive benefits of Major Local Highway funds.
d. Allocations shall be made to projects from candidate project lists, developed in cooperation with transportation planning partners.
e. Allocations may serve to maximize leveraging of private, local, federal, and State dollars, with attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System in the rural areas of the Victor Valley Subarea as well.
f. Allocations shall be made with an objective of delivering major improvements at the earliest possible date.
g. SANBAG shall actively engage in planning and project delivery of Major Local Highway Projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

Policy VVMLH-3 - A master list of projects eligible for Victor Valley Major Local Highways Program funding shall be maintained and periodically updated. The list shall be consistent with the project eligibility criteria in Policy VVMLH-1 and shall be approved by the SANBAG Board, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. In preparing the list, input shall be considered from each of the five local jurisdictions and from other stakeholders . The list shall represent the list of eligible projects and shall not represent a commitment by SANBAG to fund all or a portion of those projects. Funding commitments will be managed under the terms of Policy VVMLH-6 shown below.

Policy VVMLH-4 - Adjustments for the time-value of money referenced in Policy VVMLH-2 shall be based on comparisons of the net present value of Measure I Major Local Highway Program expenditures by Victor Valley jurisdictions, calculated using a discount rate based on the annual change in the Consumer Price Index for the State of California, as maintained by the California Department of Finance. The expenditure date shall be based on the date of consultant/contractor invoices provided to SANBAG for reimbursement on eligible Major Local Highways Program projects.

Policy VVMLH-5 - By September 30 of each year, Victor Valley jurisdictions must submit a Five Year Capital Projects Needs Analysis (CPNA) for projects in the Victor Valley Major Local Highways Program. The CPNAs cover a five year prospective period that commences the following fiscal year. The needs analysis shall document project needs by fiscal year and include anticipated funding sources, funding amounts and project phasing where appropriate. The needs analysis shall also demonstrate the availability of the development mitigation fair share funds. Approval of a jurisdiction's CPNA by the City Council/Board of Supervisors must be accommodated within the timeframe of the September 30 submittal date.

Policy VVMLH-6 - In approximately February of each year, the SANBAG Board shall apportion Measure I dollars to the Major Local Highways Program and allocate funds to Victor Valley projects, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. The Victor Valley Subarea and Mountain/Desert Committee recommendation shall be informed by requests of Measure I funds contained in the Capital Projects Needs Analysis (CPNA), the status of equitable share percentages from prior years, SANBAG's forecast of Measure I revenue that may be available for the Major Local Highways Program, and SANBAG's assessment of opportunities for leveraging of State and federal funds. The recommendation shall include a table of project phases recommended for funding, project costs, Measure I requests, other funding sources, and the allocation of costs to jurisdictions, at a minimum. SANBAG staff shall maintain a cumulative accounting of allocations to projects by jurisdiction, adding allocations to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

Policy VVMLH-7: Each year, SANBAG staff will compile a list of each jurisdiction and the cumulative amount of Major Local Highway funds received for projects. This list will be used by members of the subarea and the Mountain/Desert Committee to make their allocation recommendation to the SANBAG Board of Directors.

Policy VVMLH-8: Equitable shares may be adjusted based on annexation of unincorporated areas into a city or the incorporation of previously unincorporated areas into a new city.

B. Development Fair Share Contribution

Policy VVMLH-9 - Development Fair Share Contribution is required by Measure I 2010-2040 for Major Local Highway Projects covered under the Development Mitigation Nexus Study for the urbanized areas or a Traffic Impact Analysis in the non-urban areas, excluding any eligible freeway mainline projects. Development fair share for arterials, interchanges and railroad grade crossings are determined by using the 2007 SANBAG Development Mitigation Nexus Study or by subsequent updates to the Nexus Study as may be adopted by the SANBAG Board of Directors or in non-urban areas by a Traffic Impact Analysis as required by the SANBAG Congestion management Plan.

Policy VVMLH-10 - Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development fair share for projects. The development mitigation account shall reimburse the source of the loan as development occurs.

C. Cost Reimbursement

Policy VVMLH-11 - The Major Local Highway program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Project Funding Agreement.

Policy VVMLH-12 - Advance reimbursement shall be available to jurisdictions on an exception basis and subject to Mountain/Desert Committee and SANBAG Board approval for right-of-way and construction phases of a project. Advance reimbursement shall require either an accepted appraisal or accepted bid by a local agency prior to the conveyance of funds by SANBAG. For costs to be incurred over a period of time, SANBAG at is discretion may provide only the amount of funding required to cash flow the project over a set number of months, with similar future allocations of funding as the project progresses.

Policy VVMLH-13 - A local jurisdiction may begin expenditure of funds following the execution of the Project Funding Agreement. The Project Funding Agreement shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, as required by Policy VVMLH-9. The Project Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy VVMLH-14 - Local jurisdictions that desire to deliver a Major Local Highway project to which funds cannot be allocated in a given year shall be eligible for reimbursement through an Advance Expenditure Agreement.

D. Local Jurisdiction Invoices

Policy VVMLH-15 - Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG no more frequently than monthly.

Policy VVMLH-16 - Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VVMLH-17 - The sponsoring agency shall be reimbursed for the actual project costs minus the development mitigation fair share percentage documented in the SANBAG Development Mitigation Nexus Study, up to the limit of Measure I Major Local Highway funding specified in the Project Funding Agreement.

E. Local Jurisdiction Reimbursement Schedule

Policy VVMLH-18 - SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package.

F. Development Mitigation Fair Share Credit Agreements

Policy VVMLH-19 - Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements will be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide these credit agreements to SANBAG for review to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy VVMLH-20 - A copy of the credit agreement and invoices to substantiate quantities and unit costs for a Nexus Study project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VVMLH-21 - Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

G. Ineligible Expenditures

Policy VVMLH-22 - The following costs are ineligible for reimbursement:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs, with the exception of construction support costs
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG

H. Construction Cost Overruns

Policy VVMLH-23 - Jurisdictions shall bear full responsibility for construction cost overruns, which is established as any amount in excess of the total cost of the accepted bid and reasonable contingency amount included in the construction contract.

I. SANBAG Project Management

Policy VVMLH-24 - SANBAG may manage development and delivery of Major Local Highway projects when requested to do so by the sponsoring jurisdiction. In such cases, SANBAG's costs for project management shall be borne by the sponsoring agency.

Policy VVMLH-25 –The following conditions are established for projects under SANBAG project management:

- The sponsoring agency must submit a written request for SANBAG oversight of the project
- SANBAG staff or SANBAG consultants must have available staff resources for project management
- The sponsoring agency shall pay actual SANBAG project oversight costs, to be estimated in advance by SANBAG, as documented by the SANBAG financial management system.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000 VVSDT
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Victor Valley Senior and Disabled Transit Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Victor Valley Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA) – A agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

Transportation Reimbursement Escort Program (TREP) – A volunteer travel reimbusement program for elderly individuals and individuals with disabilities.

IV. POLICIES FOR THE VICTOR VALLEY SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Victor Valley Subarea Senior and Disabled Transit Program

Policy VVSDT-1: The Victor Valley Senior and Disabled Transit Program shall follow the intent of Ordinance 04-01, i.e., "Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities."

Policy VVSDT-2: Five percent (5%) of the revenue collected within the Victor Valley subarea shall be apportioned to the Senior and Disabled Transit Program account. The apportionment shall be increased by five tenths of a percent (0.5%) every five years to a maximum of seven and a half percent (7.5%). Such increases shall automatically occur unless each jurisdiction makes a finding that such an increase is not required to address the unmet transit needs of elderly individuals and individuals with disabilities.

B. Eligible Expenditures

Policy VVSDT-3: The following expenditures shall be eligible under the Victor Valley Senior and Disabled Transit Program:

1. Fare Subsidies.

a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds.

b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

2. Service and Capital Subsides.

a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

b. For general public transportation services, the percentage of Senior and Disabled Transit Program funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with the VVTA and/or the CTSA.

d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer's awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided.

e. Senior and Disabled Transit Program funds may be used as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy VVSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit services.

Policy VVSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) each jurisdiction contributed toward transit operating expenses in Fiscal Year 2008/2009 adjusted by the Los Angeles, Riverside and Orange Counties area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy VVSDT-6: Exceptions to Maintenance of Effort

a. Upon the incorporation of a new city or town, the combined contribution of LTF by the County and the newly incorporated jurisdiction for the transit system's operating subsidy must meet the maintenance of effort requirement that would have otherwise applied to the County alone. Subsequent maintenance of effort determinations shall be made by apportioning the CPI adjusted maintenance of effort amount the County and newly incorporated jurisdiction based upon the initial population used for apportioning LTF.

b. An exception to the maintenance of effort shall apply if a jurisdiction is spending all of its LTF apportionment for transit purposes.

D. Allocation of Victor Valley Subarea Senior and Disabled Program Funding

Policy VVSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in each transit system's SRTP and may allocate funding to a CTSA, if one is formed, or a public entity (city or county) providing or contracting for transportation services for elderly individuals and individuals with disabilities provided those services are coordinated with the VVTA.

Policy VVSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within each subarea, unless there is also a residual balance of revenue available.

E. Disbursement of Victor Valley Subarea Senior and Disabled Transit Program Funds

Policy VVSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to each transit system, CTSA, and/or city and county within thirty (30) days of the end of each quarter. For example, the disbursement of each fiscal year first quarter (July through September) funds would occur during the month of October.

Policy VVSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to the transit system, CTSA, and/or city and county within thirty (30) days of the end of each quarter. The amount to be disbursed shall be determined through the receipt of an invoice from the transit system, CTSA, and /or city and county documenting the number of elderly individuals and individuals with disabilities using the service in the prior quarter and the amount of fare subsidy applied for each counted passenger.

Policy VVSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from the transit system, CTSA and/or city and county.

V. REVISION HISTORY

Revision No.	Revisions	Adopted

0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments	**Policy**	40000-VVTMS
Adopted by the Board of Directors Month Day, Year	Revised	m/d/yyyy
Victor Valley Project Development and Traffic Management Systems Measure I 2010 – 2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Project Development and Traffic Management System funds from Measure I 2010-2040.

II. REFERENCES

1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

1. **Project Development and Traffic Management Systems Projects**: Projects including but not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of traffic facilities, congestion mnagement, commuter assistance programs and programs which contribute to environmental enhancement associated with highway facilities.

IV. POLICIES FOR THE VICTOR VALLEY PROJECT DEVELOPMENT AND TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. Project Development and Traffic Management Systems Program Allocation

Policy VVTMS-1: SANBAG shall develop and maintain a separate fund for the Project Development and Traffic Managemant Systems Program (PDTMS).

Policy VVTMS-2: SANBAG shall make the monthly allocations to the PDTMS fund using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
b. Mutiply the total Measure I Sales Tax received for the month by 0.02 to arrive at the total subarea PDTMS Allocation.

Policy VVTMS-3: Expenditures in a given year may exceed the funds received by the program that year as long as repayment to the source of the additional funds occurs in subsequent years, funding for an approved capital project is not compromised, accurate project tracking and accounting procedures are maintained, including time-value of money considerations, and PDTMS expenditures over the life of Measure I 2010-2040 do not exceed 2 percent of the total Measure I revenues.

B. Project Eligibility

Policy VVTMS-4: The types of projects eligible for use of the PDTMS Program funds include but are not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities.

Policy VVTMS-5: The funds shall not be expended for actual capital improvements, but shall be used as "seed money" to support planning and creation of long-term or permanent transportation management programs or advance project development planning for projects of significance to the subarea.

C. Project Selection and Prioritization Criteria

Policy VVTMS-6: In approximately March of each year, the SANBAG Board of Directors shall allocate PDTMS funds to Victor Valley projects based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee.

Policy VVTMS-7: Projects funded by the PDTMS Program shall be of multi-jurisdictional significance and indirect benefits of the project should affect much of the Victor Valley subarea.

Policy VVTMS-8: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy VVTMS-9: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority from this program.

Policy VVTMS-10: Projects sponsored or co-sponsored by entities which will share in funding or match PDTMS Program funds will receive priority

Policy VVTMS-11: Projects which propose to leverage additional funds for use by the project or to create beneficial multiplier effects, shall receive priority.

Policy VVTMS-12: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments	**Policy**	40000-MDLS
Adopted by the Board of Directors Month Day, Year	Revised	m/d/yyyy
Rural Mountain/Desert Subareas Local Streets Program Measure I 2010 – 2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements for the Local Streets Programs for the Colorado River, Morongo Basin, Mountains, and North Desert subareas, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

a. **Local Street Projects**: Local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities.
b. **Population**: For incorporated cities, the population is determined annually by the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas of the Valley Subarea, the population is determined annually by the County Planning Department, reconciled with the State Department of Finance population estimate as of January 1 of that year.
c. **Tax Generation**: Tax Generation is based on the sales tax generated in the jurisdiction as calculated by the State Board of Equalization.
d. **Local Streets Allocation**: Each jurisdiction, after reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, receives an allocation of the remaining amount of funds in the Local Street Projects category based upon population (50%) and tax generation (50%).
e. **Five Year Plan**: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy MDLS-1: Each jurisdiction shall receive an allocation from 70% of the Measure I revenue, after reservation of 2% collected in the subarea for Project Development and Traffic Management Systems, on a population and sales tax generation basis using the population estimate as of January 1 of that year and the sales tax figures from the State Board of Equalization.

a. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas, the calculation shall be based on the population estimate from the County Planning Department and reconciled with the State Department of Finance population estimate as of January 1 of that year.
b. The sales tax figures for making the sales tax generation calculation shall be determined by SANBAG each quarter based on sales tax figures provided by the State Board of Equalization.

Policy MDLS-2: Local jurisdictions shall not receive their Local Streets Allocation until they have submitted their annual update of their Five Year Plan.

Policy MDLS-3: The Local Streets Allocation shall be remitted to local jurisdictions monthly.

Policy MDLS-4: Local Streets Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SANBAG has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

Policy MDLS-5: Local Streets Allocations sales tax generation portion will be based on the prior quarter's data. Because of the lag in receiving sales tax data from the Board of Equalization, the Sales Tax Generation calculations for that portion of the Local Streets Allocation will be calculated using the data from the prior quarter. (Example: During the months of January, February and March SANBAG will use the local sales tax generation figure derived from the fourth quarter of the previous calendar year.)

Policy MDLS-6: SANBAG will make the monthly allocations using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
b. Mutiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total subarea Local Streets Allocation.
c. Divide the total subarea Local Streets Allocation by two to determine the 50% component to be allocated based on population and the 50% component to be based on sales tax generation.
d. Divide the 50% component allocated based on population by the total population figure for the subarea. This result is the per capita allocation for the entire subarea. Multiply this per capita figure by each jurisdiction's population to arrive at the population based component of each jurisdictions allocation.
e. Divide the Measure I Sales Tax generated in each jurisdiction by the total amount of Measure I Sales Tax generated in the subarea as a whole to arrive at the Sales Tax Generation Percentage for each jurisdiction. Multiply the 50% component based on sales tax generation of the subarea Local Streets Allocation by the Sales Tax Generation Percentage for each jurisdition to arrive at the sales tax generation component of each jurisdiction's allocation.
f. Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Streets Allocation for each jurisdiction.

Policy MDLS-7: Upon each jurisdiction in a particular subarea making a finding that an increase in Senior and Disabled Transit Service is needed to meet the unmet transit needs of senior and disabled users, the Local Streets allocation may be reduced and that allocation may be shifted to the Senior and Disabled Transit Service Program for that subarea.

B. Development Fair Share Contribution

Policy MDLS-8: Development Fair Share Contribution for Local Street projects is required by Measure I 2010-2040 for all capacity improvement projects for transportation facilities as identified by a Traffic Impact Analysis (TIA) report as required by the Congestion Management Program. The amount of the Development Fair Share Contribution for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy MDLS-9: Annually as part of its audit of each jurisdictions' use of Measure I funds, SANBAG will specifically look to make sure that the Development Fair Share Contribution towards capacity improvements is accounted for. If a material finding is made in the audit showing that the Development Fair Contribution was not made, then SANBAG may, as the Congestion Management Authority, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Plan.

C. Five Year Plan

Policy MDLS-10: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects which will be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and adopted by resolution of the governing body.

Policy MDLS-11: Five Year Capital Improvement Plans shall specifically identify road improvements, signals, and intersection improvements by street name, boundaries, and project type. The following guidelines apply:

a. Project types may include pavement overlay, construction, reconstruction, widening, or other improvements.
b. In developing the Five Year Capital Improvement Plans, it is recommended that each jurisdiction constrain the total annual amount of the Measure I planned expenditures to 150% of SANBAG's forecasted annual revenue for Measure I Local Pass-Through Funds for the adopting jurisdiction or County subarea, plus any fund balances and/or revenue resulting from bonds secured by Measure I revenue.
c. Five Year Capital Improvement Plans may include general program categories for pavement management programs, system improvements, and general maintenance. The maximum total expenditures of all general program categories in any year shall not exceed 50 percent of SANBAG's total annual forecast revenue for the jurisdiction or County subarea.

Policy MDLS-12: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as a specific road improvement.

D. Eligible Expenditures

Policy MDLS-13: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-ofway or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.
   1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.
   2) Change of alignment, profile, and cross-section.
   3) Addition of a frontage street or road.
   4) Original surfacing of shoulders.
   5) Installation of original traffic signs and markers on routes.
   6) Earthwork protective structures within or adjacent to the right-of-way area.
   7) Complete reconstruction or addition to a culvert.

8) Reconstruction of an existing bridge or installation of a new bridge.
9) Widening of a bridge.
10) Installations or extensions of curb, gutter, sidewalks or underdrain.
11) Extensions and new installation of walls.
12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.
13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.
14) Improvement of a surface to a higher type.
15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.
18) Widening of existing street, roadbed or pavement, with or without resurfacing.
19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.
20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.
21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.
22) Extending old culverts and drains and replacing headwalls.
23) Replacement of bridge rails and floors to a higher standard.
24) Replacement of retaining walls to a higher standard.
25) Replacement of all major signs or traffic control devices on a street or road.
26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.
27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.
28) Installation or expansion of street or road lighting system.
29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.
30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.
31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.
32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.
33) Construction of pedestrian underpasses or overhead crossing for the general public use.
34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers and that portion of preemption equipment not mounted on motor vehicles.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:
   1) Scarifying, reshaping and restoring material losses.
   2) Applying dust palliatives.
   3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.
   4) Jacking concrete pavements.
   5) Repair of traveled way and shoulders.
   6) Bituminous material of less than 1" added to bituminous material including seal coats.
   7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)

8) Patching operations including base restoration.
9) Resealing street or road shoulders and side street and road approaches.
10) Reseeding and resodding shoulders and approaches.
11) Reshaping of drainage channels and side slopes.
12) Restoration of erosion controls.
13) Cleaning culverts and drains.
14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)
15) Mowing, tree trimming and watering.
16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.
17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.
18) Cleaning, painting and repairing bridges and structures.
19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.
20) Repainting of pavements, striping and marking to the same standards.
21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.
22) Servicing lighting systems and street or road traffic control devices.
23) Furnishing of power for street and road lighting and traffic control devices.
24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.
   1) Payroll
   2) Facilities
   3) Advertising
   4) General Government
   5) Department Accounts/Finance
   6) Procurement
   7) Top Management
   8) General Accounting/Finance
   9) Personnel
   10) Data Processing
   11) Legal Costs

E. Ineligible Expenditures

Policy MDLS-14: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:
   1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.
   2) New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.
   3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.
   4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.

5) Decorative lighting.
6) Park features such as benches, playground equipment, and rest rooms.
7) Work outside the right-of-way which is not a specific right-of-way obligation.
8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
9) Construction, installation or maintenance of cattle guards.
10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.
11) Maintenance or construction on alleys which have not been formally designated as part of the a city or county street and road system.
12) Non-street related salaries and benefits.
13) Driveways outside of the street and road right-of-way.
14) Electronic speed control devices or other non-highway related safety expenditures.

F. Accounting Requirements

Policy MDLS-15: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy MDLS-16: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.
c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).
d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.Policy OMDLS-17: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

2. Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:
   a. Federal Aid Urban projects
   b. Redevelopment agencies
   c. Cooperative agreements
   d. Right-of-way dispositions
   e. Federal and safety projects
3. Records

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.
b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-MDMLH
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Rural Mountain/Desert Subareas Major/Local Highways Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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Note: This area is used to link to bookmarks inserted in the main paragraph headings.

I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Colorado River, Morongo Basin, Mountain, and North Desert Subareas Major/Local Highways Program for Measure I 2010-2040. The policy documents the funding apportionment and allocation process for establishing and monitoring equitable shares for individual jurisdictions, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

a. **Major/Local Highways Projects**: Major streets and highways serving as primary routes of travel within each subarea, which may include State highways and freeways, where appropriate. These funds may also be used to leverage other state and federal funds for transportation projects and to perform planning/project reports.
b. **Development Fair Share**: The portion of the cost for regional transportation improvements (freeway interchanges, railroad grade crossings, and regional arterial highways) to be paid from contributions from new development.

IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS MAJOR/LOCAL HIGHWAYS PROGRAM

A. Major/Local Highways Allocation

Policy MDMLH-1 - The Major/Local Highways Program of the Rural Mountain/Desert Subareas shall be funded from 25% of the Measure I 2010-2040 revenue collected within the subareas. This amount shall be reserved in a special account to be expended on Major/Local Highway Projects of benefit to the subareas. Major/Local Highway Projects are defined as major streets and highways serving as primary routes of travel within each of the subareas, which may include State highways and freeways. Where appropriate, Major/Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports.

Policy MDMLH-2 - Major/Local Highways funds shall be allocated to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below.

a. Allocations through the term of the Measure shall be made factoring in geographic equity throughout the subarea as adjusted to account for the time-value of money, per Policy MDMLH-4 listed below.
b. Allocations shall be made to projects from candidate project lists developed in cooperation with transportation planning partners.
c. Allocations shall serve to maximize leveraging of private, local, Federal, and State dollars, with paticular attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System.
d. Allocations shall be made with an objective of delivering major improvements at the earliest possible date.
e. SANBAG shall actively engage in planning and project delivery of Major/Local highway Projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

Policy MDMLH-3 - A master list of projects eligible for Major/Local Highways Program funding shall be maintained and periodically updated by each subarea. The list shall be consistent with the project eligibility criteria in Policy MDMLH-1 and shall be approved by the SANBAG Board, based on a recommendation of the subarea representatives and the Mountain/Desert Committee. In preparing the list, input shall be considered from each of the local jurisdictions and from SANBAG. The list shall represent the list of eligible projects and shall not represent a commitment by SANBAG to fund all or a portion of those projects. Funding commitments will be managed under the terms of Policy MDMLH-6 shown below.

Policy VVMLH-4 - Adjustments for the time-value of money referenced in Policy MDMLH-2 shall be based on comparisons of the net present value of Measure I Major/Local Highway Program expenditures by jurisdiction, calculated using a discount rate based on the annual change in the Consumer Price Index for Southern California, as maintained by the California Department of Finance. The expenditure date shall be based on the date of consultant/contractor invoices provided to SANBAG for reimbursement on eligible Major/Local Highways Program projects.

Policy MDMLH-5 - By September 30 of each year, jurisdictions desiring an allocation of Measure I MLH funds should submit a written request to SANBAG specifying the scope of the project and the requested amount, and other sources required to fully fund the projects, including development mitigation funds. The project for which a request is made must be included on the master list referenced in Policy MDMLH-3. This request will be transmitted by SANBAG to subarea representatives, who will then consider the request and make a recommendation to the Mountain/Desert Committee. The Mountain/Desert Committee shall consider the request and make a recommendation to the SANBAG Board in time for the Board's consideration for the annual apportionment and allocation process in February and March of each year. Jurisdictions in the Rural Mountain/Desert Subareas may make such requests at any time, but sequencing the request with the annual apportionment process is preferred.

Policy MDMLH-6 - In approximately March of each year, the SANBAG Board shall apportion Measure I dollars to the Major/Local Highways program and allocate funds to subarea projects, based on a recommendation of the subarea representatives and the Mountain/Desert Committee. The subarea and Mountain/Desert Committee recommendation shall be informed by requests of Measure I funds, the status of equitable share percentages from prior years, SANBAG's forecast of Measure I revenue that may be available for the Major/Local Highways Program, and SANBAG's assessment of opportunities for leveraging of State and federal funds. The recommendation shall include a table of project phases recommended for funding, project costs, Measure I requests, other funding sources, and the allocation of costs to jurisdictions, at a minimum. SANBAG staff shall maintain a cumulative accounting of allocations to projects by jurisdiction, adding allocations to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

B. Development Fair Share Contribution

Policy MDMLH-7 - Development Fair Share Contribution is required by Measure I 2010-2040 for Major/Local Highway Projects that have development mitigation identified by a Traffic Impact

Analysis, excluding any eligible freeway mainline projects. Each jurisdiction in these subareas is required to submit a Traffic Impact Analysis for development projects in their community. The Traffic Impact Analysis must be prepared in accordance with the guidelines found in Exhibit C of the SANBAG Congestion Management Plan. The Traffic Impact Analysis will determine what, if any, Development Fair Share Contribution is required to be collected and applied toward Major/Local Highway Projects.

a. Jurisdictions may also elect to determine Development Fair Share Contribution by sponsoring an amendment to the SANBAG Nexus Study. The Nexus Study must be done with the agreement of all jurisdictions in the subarea. If this method is chosen, then the NEXUS Study will list the eligible projects and the Development Fair Share Contribution required.

Policy MDMLH-8 - Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development fair share for projects. The development mitigation account shall reimburse the source of the loan as development occurs.

C. Cost Reimbursement

Policy MDMLH-9 - The Major/Local Highway program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Funding Agreement.

Policy MDMLH-10 - Advanced reimbursement shall be available to jurisdictions on an exception basis and subject to Mountain Desert Committee and SANBAG Board approval. Such advanced reimbursements shall be limited to the public share of right-of-way acquisition and based on a qualified written appraisal.

Policy MDMLH-11 - A local jurisdiction may begin expenditure of funds following the execution of the Project Funding Agreement. The Project Funding Agreement shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, as required by Policy MDMLH-7. The Project Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy MDMLH-12 - Local jurisdictions that desire to deliver a Major/Local Highway Project to which funds cannot be allocated in a given year shall be eligible for reimbursement through an Advance Expenditure Agreement.

D. Local Jurisdiction Invoices

Policy MDMLH-13 - Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG no more frequently than monthly.

Policy MDMLH-14 - Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy MDMLH-15 - The sponsoring agency shall be reimbursed for the actual project costs minus the development mitigation fair share amount documented in the SANBAG Development Mitigation Nexus Study or in the Traffic Impact Analysis completed under the terms of the SANBAG Congestion Management Plan, up to the limit of Measure I Major/Local Highway funding specified in the Project Funding Agreement.

E. Local Jurisdiction Reimbursement Schedule

Policy MDMLH-16 - SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package.

F. Development Mitigation Fair Share Credit Agreements

Policy MDMLH-17 - Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements will be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide these credit agreements to SANBAG for review to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy MDMLH-18 - A copy of the credit agreement and invoices to substantiate quantities and unit costs for a project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy MDMLH-19 - Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

G. Ineligible Expenditures

Policy MDMLH-20 - The following costs are ineligible for reimbursement:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs, with the exception of construction support costs
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG.

H. Construction Cost Overruns

Policy MDMLH-21 - Jurisdictions shall bear full responsibility for construction cost overruns, which is established as any amount in excess of the total cost of the accepted bid and reasonable contingency amount included in the construction contract.

I. SANBAG Project Management

Policy MDMLH-22 - SANBAG may manage development and delivery of Major/Local Highway projects when requested to do so by the sponsoring jurisdiction. In such cases, SANBAG's costs for project oversight shall be borne by the sponsoring agency.

Policy MDMLH-23 - The following conditions are established for projects under SANBAG project management:

- The sponsoring agency must submit a written request for SANBAG oversight of the project.
- SANBAG staff or SANBAG consultants must have available staff resources for project management.
- The sponsoring agency shall pay actual SANBAG project oversight costs, to be estimated in advance by SANBAG, as documented by the SANBAG financial management system.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		Policy	40000 MDSDT
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Rural Mountain/Desert Senior and Disabled Transit Program Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE
The purpose of this policy is to delineate the requirements for administration of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures. The policy applies to the following four subareas: Colorado River, Morongo Basin, Mountains, and North Desert.

II. REFERENCES
1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA) – A agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

Transportation Reimbursement Escort Program (TREP) – A volunteer travel reimbusement program for elderly individuals and individuals with disabilities.

IV. POLICIES FOR RURAL MOUNTAIN/DESERT SUBAREAS SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program

Policy MDSDT-1: The policies for the expenditure of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program shall follow the intent as contained in the approved ordinance, i.e., "Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities."

Policy MDSDT-2: Five percent (5%) of the revenue collected within each subarea shall be apportioned to the Senior and Disabled Transit Program account. Local representatives may provide additional funding beyond the five percent (5%) upon a finding that such an increase is required to address the unmet transit needs of elderly individuals and individuals with disabilities.

B. Eligible Expenditures

Policy MDSDT-3: The following expenditures shall be eligible under the Rural Mountain/Desert Senior and Disabled Transit Program.

1. Fare Subsidies.

a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds.

b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

2. Service and Capital Subsides.

a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

b. For general public transportation services, the percentage of Senior and Disabled Transit Program I funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with the subarea public transit system or CTSA.

d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer's awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided.

e. Senior and Disabled Transit Program funds may be used as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy MDSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit services.

Policy MDSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) each jurisdiction contributed toward transit operating expenses in Fiscal Year 2008-2009 adjusted by the Los Angeles, Riverside and Orange Counties area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy MDSDT-6: Exceptions to Maintenance of Effort

a. Upon the incorporation of a new city or town, the combined contribution of LTF by the County and the newly incorporated jurisdiction for the transit system's operating subsidy must meet the maintenance of effort requirement that would have otherwise applied to the County alone. Subsequent maintenance of effort determinations shall be made by apportioning the CPI adjusted maintenance of effort amount the County and newly incorporated jurisdiction based upon the initial population used for apportioning LTF.

b. An exception to the maintenance of effort shall apply if a jurisdiction is spending all of its LTF apportionment for transit purposes.

D. Allocation of Rural Mountain/Desert Subarea Senior and Disabled Program Funding

Policy MDSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in each transit system's SRTP and may allocate funding to a CTSA, if one is formed, or a public entity (city or county) providing or contracting for transportation services for elderly individuals and individuals with disabilities provided those services are coordinated with the subarea transit system.

Policy MDSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within each subarea, unless there is also a residual balance of revenue available.

E. Disbursement of Rural Mountain/Desert Subarea Senior and Disabled Transit Program Funds

Policy MDSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to each transit system, CTSA, and/or city and county within thirty (30) days of the end of the quarter. For example, the receipt of each fiscal year first quarter (July through September) would occur during the month of October.

Policy MDSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to the transit system, CTSA, and/or city and county within thirty (30) days of the end of each quarter. The amount to be disbursed shall be determine through the receipt of an invoice from the transit system, CTSA, and /or city and county documenting the number of elderly individuals and individuals with disabilities using the service in the prior quarter and the amount of fare subsidy applied for each counted passenger.

Policy MDSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from the transit system, CTSA and/or city and county.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments	**Policy**	40000-MDTMS
Adopted by the Board of Directors Month Day, Year	Revised	m/d/yyyy
Rural Mountain/Desert Project Development and Traffic Management Systems Measure I 2010 – 2040 Strategic Plan	Revision No.	0

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Note: This notice is only in effect when policy is posted to the SANBAG website.

Table of Contents

Note: This area is used to link to bookmarks inserted in the main paragraph headings.

I. PURPOSE
The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Project Development and Traffic Management System funds from Measure I 2010-2040 for the Colorado River, Morongo Basin, Mountains, and North Desert Subareas.

II. REFERENCES
1. Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

1. **Project Development and Traffic Management Systems Projects**: This program will be used to fund projects including but not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of traffic facilities, congestion mnagement, commuter assistance programs and programs which contribute to environmental enhancement associated with highway facilities.

IV. POLICIES FOR RURAL MOUNTAIN/DESERT SUBAREAS PROJECT DEVELOPMENT AND TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. Project Development and Traffic Management Systems Program Allocation
Policy MDTMS-1: SANBAG shall develop and maintain a separate fund for the Project Development and Traffic Managemant Systems Program (PDTMS) in each subarea.

Policy MDTMS-2: SANBAG shall make monthly allocations to the PDTMS fund using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
b. Mutiply the total Measure I Sales Tax received for the month in that subarea by 0.02 to arrive at the total subarea PDTMS Allocation for that subarea.

Policy MDTMS-3: Expenditures in a given year may exceed the funds received by the program that year as long as repayment to the source of the additional funds occurs in subsequent years, funding for an approved capital project is not compromised, accurate project tracking and accounting procedures are maintained, including time-value of money considerations, and PDTMS expenditures over the life of Measure I 2010-2040 do not exceed 2 percent of the total Measure I revenues.

B. Project Eligibility

Policy MDTMS-4: The types of projects eligible for use of the PDTMS Program funds include but are not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities.

Policy MDTMS-5: The funds shall not be expended for actual capital improvements, but shall be used as "seed money" to support planning and creation of long-term or permanent transportation management programs or advance project development planning for projects of significance to the subarea.

C. Project Selection and Prioritization Criteria

Policy MDTMS-6: In approximately March of each year, the SANBAG Board of Directors shall allocate PDTMS funds to projects based on a recommendation of the respective subarea representatives and the Mountain/Desert Committee.

Policy MDTMS-7: Projects funded by the PDTMS Program shall be of multi-jurisdictional significance and indirect benefits of the project should affect much of the specific subarea.

Policy MDTMS-8: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy MDTMS-9: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority from this program.

Policy MDTMS-10: Projects sponsored or co-sponsored by entities which will share in funding or match PDTMS Program funds will receive priority

Policy MDTMS-11: Projects which propose to use PDTMS funds to leverage additional funds for use by the project or to create beneficial multiplier effects, shall receive priority.

Policy MDTMS-12: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
1	Provide list of changes.	mm/dd/yyyy

San Bernardino Associated Governments		**Policy**	40000-ITOC
Adopted by the Board of Directors	Month Day, Year	Revised	m/d/yyyy
Independent Taxpayer Oversight Committee Measure I 2010 – 2040 Strategic Plan		Revision No.	0

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I. PURPOSE

Ordinance 04-01 established 'Mandated Taxpayer Safeguards" for Measure I 2010-2040. One of these safeguards was the establishment of an Independent Taxpayer Oversight Committee. The Independent Taxpayer Oversight Committee is established to provide citizen review and to ensure that all measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance. This policy sets forth the guidelines for the operation, selection, composition and terms of the Independent Taxpayer Oversight Committee.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit B – Independent Taxpayer Oversight Committee (ITOC)

III. DEFINITIONS

IV. POLICIES FOR THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

A. Membership

Policy ITOC-1: The Committee will be made up of five members. The committee members will possess the following credentials:

- One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure I funding.
- One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One member who is a current o retired manager of a major privately financed development project, who by training or experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One public member, who possesses the knowledge and skills which will be helpful to the work of the Committee.

Policy ITOC-2: The Chair and the Executive Director of SANBAG will serve as ex-officio members of the Committee.

a. The individuals serving as ex-officio members shall serve only as long as they remain incumbents in their respective positions and shall automatically be replaced by their successors in those positions.

Policy ITOC-3: Committee members cannot be a current local elected official in San Bernardino County or a full time staff member of any city, the county government, local transit operator, or state transportation agency.

B. Selection Process

Policy ITOC-4: The following selection process shall apply to selection of ITOC members:

1. The Administrative Committee of SANBAG will serve as the nominating committee for the Independent Taxpayer Oversight Committee (ITOC).
2. Within 90 days of a vacancy occurring on the ITOC, the Administrative Committee of SANBAG will meet with purpose of nominating candidates for ITOC membership.
3. Selections to the ITOC to fill a vacancy caused for any reason prior to the expiration of that positions full term will be to fill the remainder of that term only.
3. The Administrative Committee will have an open process for soliciting nominees. The Administrative Committee will solicit names of nominees from SANBAG Board Members and from trade and other organizations related to public finance, transportation, civil engineering or public works construction.
4. The Administrative Committee will screen nominees for the required credentials and will schedule interviews with the qualified nominees.
5. After the Administrative Committee has interviewed the nominees, they will make a recommendation to the SANBAG Board of Directors. The SANBAG Board of Directors must approve the nominees for them to become members of the ITOC. If the Board of Directors does not approve a particular nominee, the matter will be referred back to the Administrative Committee to select another nominee from the pool of nominees that they had interviewed, or if no other qualified nominees exist in the pool, then to re-solicit for nominations.

C. Conflict of Interest

Policy ITOC-5: Voting members of the Independent Taxpayer Oversight Committee shall have no legal action pending against the San Bernardino County Transportation Authority (the Authority) or San Bernardino Associated Governments (SANBAG).

Policy ITOC-6: Voting members of the Independent Taxpayers Oversight Committee are prohibited from acting in any commercial activity directly or indirectly involving the Authority or SANBAG, such as being a consultant to those entities during their tenure on the Committee.

Policy ITOC-7: Voting members of the Independent Taxpayers Oversight Committee shall not have a direct commercial interest or employment with any public or private entity that receives funds from Measure I.

D. Terms and Conditions

Policy ITOC-8: Given the thirty-year duration of Measure I 2010-2040, the Independent Taxpayer Oversight Committee shall be appointed 180 days after the effective date of the Measure I tax extension (April 1, 2010) and will continue as long as Measure I revenues are collected.

Policy ITOC-9: Committee members will serve staggered four-year terms. In no case shall any voting Committee member serve more than eight years on the Independent Taxpayer Oversight Committee.

a. In the case of the initial appointment of the first five members of the Committee, the staggered terms will be created by drawing straws. Five straws will be prepared, three long and two short. Each member of the Committee will draw one straw. The members who draw the two short straws will have initial terms lasting two years. The members who draw the three long straws will have four-year terms.

b. All subsequent appointments to the Committee will be for a four-year term.

Policy ITOC-10: Committee members shall serve without compensation, except that they shall be reimbursed for authorized travel and other expenses directly related to the work of the Committee.

Policy ITOC-11: The Authority Board of Directors and SANBAG staff shall fully cooperate with and provide the necessary support to ensure the Committee successfully carries out its duties and obligations.

E. Role in Reviewing Audit

Policy ITOC-12: The Independent Taxpayer Oversight Committee shall review the annual audit of the San Bernardino County Transportation Authority.

Policy ITOC-13: The Board of Directors of the Authority shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Board meeting, with the participation of the Independent Taxpayer Oversight Committee to consider the findings and recommendations of the audits.

Policy ITOC-14: The Committee will report findings based on the audits to the Board of Directors and recommend any additional audits for consideration which the Committee believes may improve the financial operation and integrity of program implementation.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	mm/dd/yyyy
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APPENDIX A
ORDINANCE NO. 04-01 AND EXPENDITURE PLAN

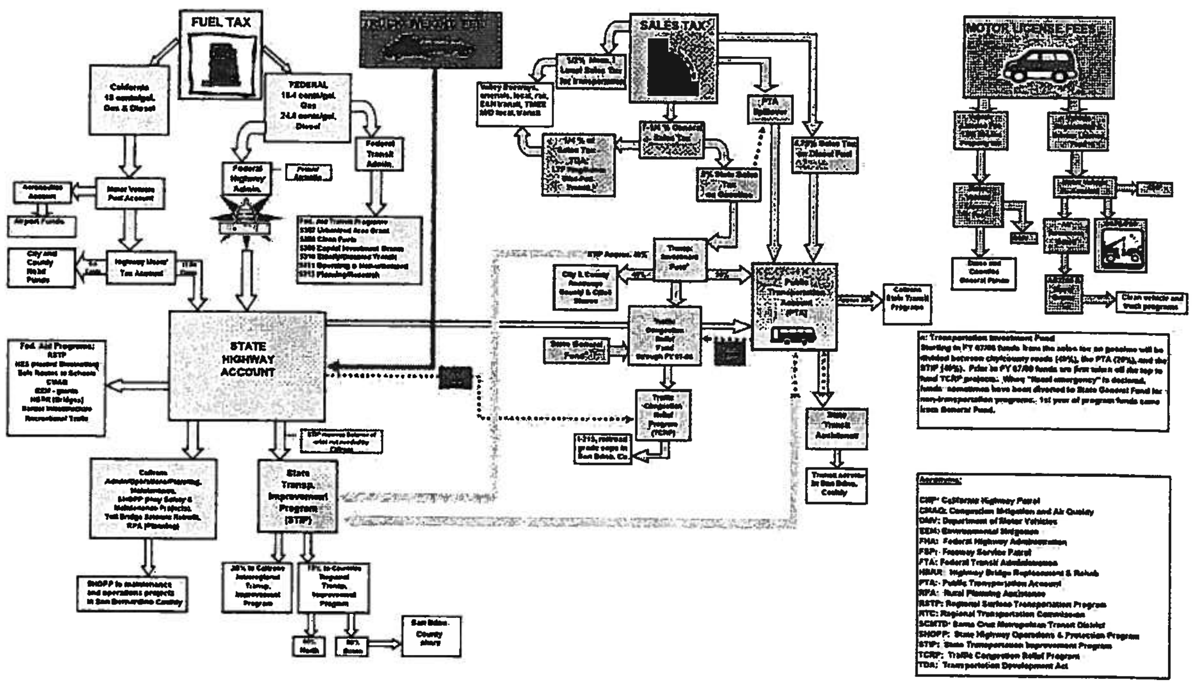
(NOT PROVIDED WITH THIS DRAFT – AVAILABLE ON THE SANBAG WEBSITE AT http://www.sanbag.ca.gov/funding/pdfs/MI_ordinance.pdf)

APPENDIX B
OVERVIEW OF STATE AND FEDERAL FUNDING FOR TRANSPORTATION PROJECTS

Appendix B provides a brief overview of the sources and uses of State and federal transportation funding as they are known at this time. Figure B-1 provides a flowchart showing the many elements involved in funding transportation projects in California.

Figure B-1 (Note: final report graphic will be in full size)

Transportation Funding in California - Overview



B.1. State Funding Background

One of the principal sources of transportation funding, at both the state and federal level, is the fuel tax. The State Highway Account is fed by both state and federal fuel taxes. Currently, the state fuel tax in California is 18 cents per gallon. The 18 cents per gallon of state gas tax flows into the Motor Vehicle Fuel Account and approximately 6 cents of the 18 cent tax funds aeronautics. The remainder flows into the Highway Users Tax Account, a portion of which represents the local gas tax subvention (direct pass-through to local jurisdictions) and a portion of which flows into the State Highway Account. While California's fuel tax is 18 cents per gallon, the tax has not been increased since 1990. As a result the fuel tax has lost roughly 40% of its purchasing power as a result of inflation.

Historically, the State Highway Account has been a primary source of funding for the State Transportation Improvement Program (STIP). The first funding priority in the State Highway Account is to support Caltrans and the State Highway Operation and Preservation Program (SHOPP), the program that is operating and maintaining the state highway system Any excess of funding in the State Highway Account then flows into the STIP for programming on projects designed to provide new highway capacity. Today, the SHOPP consumes virtually all of the available funds in the State Highway Account, yet the SHOPP receives only about half of the needed funding for maintenance and operational improvements to the highway system. Less than 10 years ago the SHOPP was fully funded and new programming capacity was available for STIP projects from the State Highway Account. While the state has taken a more aggressive role in the maintenance and operation of the highway system than it did in the past, resulting in the larger percentage of unfunded SHOPP projects, it is clear that current state funding levels are inadequate to maintain and operate the highway system, much less expand it using the fuel tax.

Until 1997 the STIP was controlled principally by Caltrans. Regional agencies, such as SANBAG, had the authority to prepare a recommendation to the California Transportation Commission (CTC) for how STIP dollars should be spent. Caltrans prepared a similar recommendation to the CTC. Typically, Caltrans and SANBAG were able to come to an agreement on how the money should be spent, and the CTC would generally approve it. This process was changed by SB 45 in 1997. SB 45 stated that the STIP would be split, with 75% going to regions and 25% to Caltrans. The 75% is called the Regional Improvement Program (RIP), and the 25% is called the Inter-regional Improvement Program (IIP). The 75% was further divided so that 40% would be committed to Northern California and 60% would be committed to Southern California. San Bernardino County currently receives 4.6% of the total available RIP funds, 6.2% of the Southern California regional share, which is calculated based on the county's relative share of population and road miles.

SANBAG is provided its STIP estimate biennially. Based on the STIP estimate, SANBAG prepares a programming recommendation that is submitted to the CTC for approval. The CTC may approve the recommendation in its entirety or vote it down. The Commission cannot selectively approve or disapprove individual projects. The CTC does have the latitude to move recommended amounts of funding around based on projected revenue availability.

Of the 25% of the STIP that is spent at the discretion of Caltrans, 60% is to be spent outside designated urban areas and 40% is to be allocated to intercity rail and to projects that are largely at the discretion of the CTC. In San Bernardino County the only urbanized area in 1997 was the Valley. But with the federal census in 2000, the Victor Valley became a formally designated urbanized area. This means that Caltrans IIP funds can typically no longer be spent there. Thus, Caltrans no longer has responsibility for funding state highways in either the Valley or the urbanized area of the Victor Valley. The CTC expects SANBAG to commit RIP funds to capacity-increasing projects in those areas. However, there are specific examples of IIP funds being spent on state highways in urbanized areas in some instances.

During a time of budget surplus in California, Governor Gray Davis established the Traffic Congestion Relief Program (TCRP) in 1999-2000 with the purpose of providing congestion relief, the safe and efficient movement of goods and better connections between various modes of travel. Ultimately, the TCRP program was met with limited success, as the funding was erratic due to State budget problems beginning in 2001. While TCRP as a program was only minimally successful, the program established a precedent for the use of sales tax on gasoline to fund transportation improvement projects, instead of treating it as a state general fund revenue source.

Based on the precedent established under the TCRP, Proposition 42 was a ballot initiative approved by the voters of California in 2002 that required the of gasoline sales tax to be used for transportation improvements. Proposition 42 committed 40% of the money to cities and counties, 40% to the STIP, and 20% to public transit. However, Proposition 42 allowed the State to divert the gasoline sales tax into the general fund, instead of funding transportation projects during a financial crisis. During the first four years following the passage of Proposition 42, the funding was made available to transportation projects in two out of the four years. The inconsistency in which Proposition 42 revenue became available to transportation projects led many in the transportation industry to call for additional safeguards to the revenue stream. In 2006, Proposition 1A passed, and limits the number of times that diversion of gasoline sales tax revenue can occur. Proposition 1A allows for the gasoline sales tax revenue to be diverted into the State General Fund in times of financial distress, but limits the number of occurrences to 2 years out of 10. Additionally, the State is required to repay the borrowed funds, including interest, within 3 years and cannot borrow the second time until the first loan is repaid.

Finally, 1/4 cent of the state sales tax is also a principal source of funding for transportation through the Transportation Development Act (TDA). TDA funds may be used for transit operating or capital purposes, but are not eligible for use on non-transit related highway or local street and road improvements.

If not for voter approval of Propositions 42, 1B and Tribal Gaming compacts, there would be no designated revenue source to fund the STIP. As vehicle fuel efficiency increases, the purchasing power of the fuel tax erodes, additional revenue streams for transportation improvements will continue to be evaluated.

B.2. Federal Funding Background

Federal excise tax rates are 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel fuel. In addition, federal excise taxes are collected on tires, large trucks, trailers, and trucks pay the annual federal heavy vehicle use tax. Sales-weighted average state fuel tax rates in 2004 were 19.2 cents per gallon for gasoline and 20.0 cents per gallon for diesel fuel. The highway user taxes collected by the federal government are deposited in the Federal Highway Trust Fund (divided between a highway account and a mass transit account), and payments to states are withdrawn from the fund. The Highway Trust Fund is a bookkeeping device to make apparent the relation of user fee collections to spending. Authorizations in the surface transportation acts are limited by the balance in the fund and the projected deposits from user tax revenues.

Periodic federal surface transportation acts provide multiyear funding authorizations for federal highway and mass transportation capital grant programs. The federal surface transportation acts also set program rules and highway user taxes. Federal rules include standards with regard to design, maintenance, and safety for projects making use of federal aid. The three most recent federal surface transportation acts are the Intermodal Surface Transportation Efficiency Act (ISTEA), TEA-21 and SAFETEA-LU. The landmark component of the recent set of transportation acts occurred with ISTEA, which introduced Surface Transportation Program (STP) and Congestion Mitigation Air Quality (CMAQ) Improvement Program. STP is a flexible funding source that may be used by States and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intra-city and intercity bus terminals and facilities. CMAQ, on the other hand, is provided to non-attainment air basins for surface transportation and other related projects that contribute to air quality improvements and reduce congestion. The Clean Air Act amendments, ISTEA and the CMAQ program together were intended to realign the focus of transportation planning toward a more inclusive, environmentally-sensitive, and multimodal approach to addressing transportation problems. Both programs require local jurisdictions to provide a match to the federal funding that varies between 10% and 20%, depending on the program.

The amounts authorized for each year in the surface transportation act are distributed annually to the states. Most funds are apportioned according to formulas specified in the act, within categorical programs. Apportionment formulas include such factors as each state's shares of highway lane miles, vehicle miles of travel, and Highway Trust Fund revenue collections. The surface transportation acts provide contract authority, that is, state spending that incurs a federal obligation may take place as soon as funds are apportioned each year. This is in contrast to most federal programs, in which amounts authorized may not be used until Congress enacts a second law appropriating funds to pay for authorized spending. The Federal Transit Administration (FTA) manages a number of grant programs for transit capital projects and for operations/maintenance. An important FTA program to consider for Measure I transit capital projects is the Section 5309 News Starts and Small Starts program. Projects become candidates for funding under this program by successfully completing the appropriate steps in the major capital investment planning and project development process. Small Starts projects include those with FTA grants up to $75 million. New Starts are those with FTA capital investments greater than $75 million.

B.3. Background on Toll-Based and Other Revenue Sources

Alternative financing strategies are being increasingly considered to fill the gap in public funding for transportation. Prior to the late 1980s, the State of California did not utilize toll based funding to the same extent as some other states in the U.S. Tolls were primarily limited to bridges, but not highways. In the late 1980s, two pieces of legislation were passed enabling toll road construction in California. In 1987, SB 1413 was approved and granted the Orange County Transportation Corridor Agencies the approval to construct three new roads as toll facilities. The three toll facilities constructed under this legislative authority are the SR-73, SR-241 and SR-261.

In 1989, Assembly Bill 680 was passed by the California State Assembly authorizing Caltrans to enter into negotiations with private transportation companies to construct privately owned and operated transportation projects in up to four regions of the state as pilot projects. While four projects were approved through the legislation, only the SR-91 Express Lanes in Orange County and the SR-125 toll road in San Diego County were constructed.

Tolling authority in California continues to be permitted on a case-by-case basis, but tolling has progressed to the point in California that a number of metropolitan areas are incorporating them into their regional transportation plans. The Metropolitan Transportation Commission and Los Angeles County Metropolitan Transportation Authority (MTA) are currently studying the development of regional High Occupancy Toll (HOT) networks. San Diego Association Governments is expanding its I-15 HOT (High Occupancy Toll) project and has incorporated the construction of several additional HOT projects into its reauthorized sales tax measure TransNet. Riverside County Transportation Commission has completed feasibility studies on the creation of HOT lanes on several of its key freeways and has legislative authority to proceed further on HOT lanes for I-15. SANBAG is currently conducting an Alternative Financing Study to evaluate the potential for HOT lanes in San Bernardino County.

Another potential source of transportation funding that has been mentioned in California over the past several years are fees levied on containers passing through the ports of California. The fees would be assessed on containers to provide additional transportation infrastructure and community impact mitigation required due to federal government trade policy. The California State Legislature voted to approve the imposition of container fees in the State of California through SB 974 (2008). However, the legislation was vetoed by Governor Schwarzenegger.

Measure I incorporates any number of goods movement related projects, including freeway, interchange and grade separation projects. The creation of a container fee program could represent a significant infusion of transportation funding to the region.

APPENDIX C
STATE AND FEDERAL FUNDING ASSUMPTIONS FOR THE VALLEY FREEWAY PROGRAM

A background on State and federal funding was provided in Section II. This appendix focuses on how State and federal funds were estimated for cash flow analyses of Measure I Valley programs. In general, all of the State and federal revenue estimates are based on maintaining the status quo of current State and federal programs.

The State and federal revenues estimated in the Strategic Plan are those funds which are programmed directly through SANBAG, principally STP, CMAQ and STIP. As discussed in Section II, the future of State and federal funding is uncertain. Consequently, it was not necessary that an overly scientific methodology be used in forecasting fund availability. The transit funding process is most complex, with sources derived from a broader set of State and federal programs than for highways, and heavy emphasis on operations and maintenance. Operations and maintenance for highways is not addressed in the Strategic Plan, given that this responsibility falls to the facility owners – Caltrans in the case of state highways, and cities and the County in the case of local streets and roads.

The basic State and federal funding assumptions for the Valley portion of the Strategic Plan are listed in Table C-1. SANBAG is not required to allocate percentage shares of State and federal funding as it does for Measure I. Details of revenue estimated to be available for each Valley program are provided in individual sections. All estimates are provided in 2007 dollars, the most recent year for which historical data are available. Financial analyses of most individual Valley programs were conducted using escalated dollars, taking into account the projected rates of inflation in both revenues and costs.

The overall simplifying assumption for estimating State and federal revenue for the Valley was that funding will be available at approximately the same annual rate as was experienced in 2007 for the three key programs. New federal transportation acts are assumed to be authorized at the same level as SAFETEA-LU. Special funding initiatives, such as Proposition 1B bonds, are assumed to be included within, not in addition to, these estimates. This adds a degree of conservatism to the estimates. One additional conservative assumption is that State and federal revenues are escalated in subsequent cash-flow analyses at 1.8% per year, while Measure I sales tax revenue is escalated at 3.8% per year and project costs are escalated at 5.0% per year. This further adds to the conservatism, given that it builds in the assumption of the eroding buying power of State and federal dollars over time – the same trend that has existed over the last 40+ years. The 3.8% Measure I escalation factor represents the effect of inflation in retail sales. Growth in population, which generates additional sales, is considered separately in the revenue estimates for each program.

Table C-1 shows the known allocation of STP, CMAQ, and STIP funds to SANBAG for 2007, assumptions for future years, and estimated annual and 30-year estimates for Measure I highway projects in the Valley. STP funds are estimated directly from the 2007 STP history in the Valley, with no additional factoring. CMAQ funds for highways must factor out those dollars expected to be used for transit, ridesharing, traffic systems, and other eligible uses. In addition, CMAQ funding to San Bernardino County has been assumed to drop by 50% in 2020 as new metropolitan areas are added to the list of areas in non-attainment for air quality. Transit funding is assumed to be maintained at current levels in this scenario, even beyond 2020, and highway CMAQ funding is cut back to fit within the reduced allocation. Finally, the Regional Improvement Program (RIP) portion of the STIP is assumed to continue at current levels. Although there is no geographic formula split for STIP funds, the Valley is assumed to receive 75% of those funds over the life of the Measure. This is roughly the same as the percentage of Measure I 2010-2040 sales tax dollars estimated for the Valley over the life of the Measure. However, the SANBAG Board retains flexibility to allocate STIP funds to specific projects, regardless of geographic area.

Table C-1. Summary of Assumptions and Funding Estimates for STP, CMAQ and STIP for the Valley Subarea

Revenue Source	2007 $	Assumptions for Future Years	Estimate of dollars available for Valley highways ($2007)	Estimate of dollars for Valley highways over 30 years	Comments
STP	13,930,984	Assumed Program is authorized at same level in new Act	13,930,984	$432 million	LA-Long Beach and SBD-Riverside Urbanized Areas only
CMAQ	21,009,891	Assumed Program is authorized at same level in new Act; Assumed $6M per year for transit (unless otherwise shown on Transit/Rail cash flow), $1.5M per year for Rideshare, $1M per year for Signal Program; Assumed CMAQ funds drop by 1/2 in 2020 (RTP assumption)	12,509,891 down to 2,004,945 in 2020	$145 million	South Coast Air Basin only
STIP-RIP	30,420,000	Assume County share stays the same; Assume 25% for Mountain/Desert	22,815,000	$707 million	TIF only; represents cash available in TIF, not programming capacity
			TOTAL	**$1.28 billion**	